

RegCORE – Client Alert

ESMA publishes its Annual Work Programme 2025

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Financial Services

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QuickTake

Every year, usually during the fourth quarter, EU-level authorities such as the European Securities and Markets Authority (**ESMA**) publish their Annual Work Programmes (**AWPs**) setting out their priorities and resourcing for the coming calendar year. Some authorities, such as ESMA also publish a multi-year priority plan in what is known as a Single Programming Document (**SPD**). Both the AWP and SPDs are of relevance to national competent authorities (**NCA**s) and more importantly to the relevant firms within the scope of ESMA's and NCA's regulatory and supervisory mandate.

On 1 October 2024, ESMA published its AWP for 2025 setting out its focus on key strategic priorities and implementation of new mandates.¹ Its SPD for 2024-2026 was previously published on 31 January 2024 and also builds upon the longer-term “ESMA Strategy 2023-2028”, which was published October 2022.² The 2025 AWP will also see ESMA publish the 2026-2028 SPD amongst a number of other documents relevant to its supervisory strategy as well as its coordination with other authorities.

The 2025 AWP also points out in numerous instances that ESMA will, within the aspects in its control, advance points raised in its Position Paper “Building More Effective and Attractive Capital Markets in the EU” (the **ESMA CMU Position Paper**)³ concerning the completion of the EU's Capital Markets Union (**CMU**), albeit the current (less catchy but perhaps more (national) politically palatable) rebrand as an “European Savings and Investment Union (**E-SIU**)”.

As in previous years, ESMA's AWP is structured to address the evolving market context, legislative and regulatory changes as well as technological advancements impacting the financial services sector and those financial market participants within its mandate. ESMA, in its role as regulator is the gatekeeper of

¹ Available [here](#).

² Available [here](#).

³ Available [here](#) – see standalone coverage on that position paper in “Deciphering the Draghi Report plus Lessons from the Letta Report and Policymakers Responses in the context of the Single Market for Financial Services” from our EU RegCORE.

certain parts of the Single Rulebook for financial services within its mandate and tasked with regulatory and supervisory convergence amongst NCAs and across markets. Accordingly, ESMA shapes how NCAs apply the legislative and regulatory requirements as well as ESMA's expectations in the supervision of financial market participants within ESMA's mandate. That being said, ESMA also directly supervises credit rating agencies (**CRAs**), trade repositories (**TRs**), securitisation repositories (**SRs**), data reporting service providers (**DRSPs**), certain benchmark administrators EU and systemically important third-country central counterparties (**CCPs**). As of 2025, ESMA will begin with the selection of consolidated tape providers (**CTPs**), supervised as DRSPs and ESMA will, in the context of the EU's Regulation for a Digital Operational Resilience Act (**DORA**),⁴ equally oversee designated critical third-party service providers (**CTPPs**) jointly with its sister European Supervisory Authorities (**ESAs**), the European Banking Authority (**EBA**) and the European Insurance and Occupational Pensions Authority (**EIOPA**).

The 2025 AWP's focus areas include effective markets and financial stability, effective supervision, retail investor protection, sustainable finance, technological innovation and the effective use of data and information and communication technologies (**ICT**), both by supervised firms and equally the use of supervisory technology (**SupTech**) by ESMA and NCAs. The 2025 AWP also sets out reforms that ESMA ("as an organisation") will carry out as well as those that it will advance together with NCAs to improve harmonisation of supervisory approaches of NCAs in the context of its (multi-)annual Peer Review Work Plan.

Overall, the 2025 AWP when compared to priorities for 2024 outlines a more comprehensive regulatory landscape that demands heightened vigilance, adaptability and proactive engagement from supervised firms to align with ESMA's strategic objectives (and as executed in supervision carried out by ESMA and/or the NCAs) for a more resilient and sustainable financial sector.

This Client Alert discusses the relevant issues and key legal and regulatory considerations for relevant market participants as well as the key differences between ESMA's 2024 and 2025 publications. This Client Alert should be read together with other thematic deep dives on reforms and developments as well as our standalone analysis of all relevant 2025 work programmes from the European Commission, the ESAs as well as those of the Banking Union authorities (ECB-SSM and SRB). Readers may also find benefit in consulting "Navigating 2025", a comprehensive playbook providing a more granular annual outlook from PwC Legal's EU RegCORE on the forthcoming regulatory policymaking agenda, the supervisory cycle and assessment of any commonalities and trends across plans for 2025 and beyond.

Key takeaways from ESMA's 2025 AWP

As in previous years ESMA uses its 2025 AWP to outline its strategic priorities and communicate a comprehensive roadmap and resourcing plan for ESMA's activities and publications. Primarily, these publications take the form of Guidelines, Implementing Technical Standards (**ITS**) and Regulatory Technical Standards (**RTS**) that are mandated to be published along with other rulemaking instruments and statements (Q&As, Opinions and Supervisory Briefings) setting out ESMA's supervisory expectations as addressed to NCAs and market participants. A list of ESMA outputs by output type is set out in Annex IV to the AWP 2025 and assessed in further detail in "Navigating 2025". ESMA expects that firms stay abreast of these communications and expectations to ensure compliance and avoid potential enforcement actions.

The 2025 AWP's close to 60 pages of detail focuses on the following key areas summarised below as it relates to the market but also to ESMA's own operational priorities:

1. **ESMA's expectations towards NCAs and financial market participants**

Strategic priorities and thematic drivers

ESMA's strategic priorities include contributing to the development of a meaningful, proportionate and effective Single Rulebook across its remit. This involves promoting global standards and enhancing cooperation with international regulatory counterparts. Financial stability objectives are centred on

⁴ DORA aims to enhance digital operational resilience across the financial sector. Supervised firms must focus on effective implementation, fostering cooperation among stakeholders and addressing emerging risks. ESMA will oversee CTPPs to promote convergence and strengthen digital operational resilience. Firms should prepare for new tasks and powers conferred on ESMA related to DORA, including implementing a cyber-incident report system and developing supervisory convergence tools. On 1 October 2024, ESMA and its sister ESAs announced the appointment of Marc Andries as DORA Joint Oversight Director. This role will be responsible for implementing and running the oversight framework for CTPPs at a pan-European scale. Mr. Andries has held senior responsibilities in the areas of ICT project management, oversight and supervision, including at France's NCAs.

identifying and analysing key risks and vulnerabilities to inform the public and guide regulatory and supervisory activities. ESMA aims to enhance preparedness to deal with potential shocks to financial markets and ensure close crisis management cooperation with NCAs.

Effective supervision

ESMA will step up its efforts to promote a common, effective, risk-based, data-driven and outcome-focused supervisory and enforcement culture across EU supervisors. This includes ESMA's direct supervision of CRAs, TRs, SRs, DRSPs, certain benchmark administrators and systemically important third-country CCPs. As of 2025, ESMA will begin with the selection of CTPs and ESMA will, together with the sister ESAs, oversee CTPPs in the context of DORA (more on this below).

Enhancing the establishment of the EU Retail Investor Strategy (RIS)⁵ and a more robust retail investor protection in general

ESMA aims to help deliver on the EU's RIS as a catalyst for the CMU (and perhaps more so for the E-SIU). Investor protection more generally remains a cornerstone of ESMA's mandate as does the focus on greater convergence and consistency in NCAs' supervisory approaches and practices concerning investor protection. The AWP 2025 includes the following priorities:

- a. **Convergence and consistency in supervisory practices:** ESMA aims to harmonise the supervisory practices of NCAs to ensure a consistent level of investor protection across the EU. This includes developing common supervisory principles and methodologies, facilitating case discussions, workshops and conducting peer reviews. ESMA expects that financial services firms anticipate increased scrutiny and uniformity in supervisory practices, which may require adjustments in compliance strategies to align with the harmonised standards.
- b. **Cross-border supervision:** Effective supervision of cross-border activities is a priority. ESMA will coordinate Common Supervisory Actions (**CSAs**) as well as mystery shopping exercises (see standalone coverage on this supervisory tool) to assess the quality of services provided to retail clients across different jurisdictions. This serves to identify discrepancies in supervisory practices and promote a uniform approach. ESMA cautions that firms should prepare for more integrated and coordinated supervisory efforts, which may involve more comprehensive reporting requirements and closer monitoring of cross-border operations.
- c. **Regulatory framework for retail investor protection:** ESMA will contribute to the development of a regulatory framework that provides robust protection for retail investors. This includes drafting technical standards, Guidelines and other convergence tools. The focus will be on simplifying disclosures and ensuring, that they are clear, reliable and comparable. ESMA is aware that firms must ensure that their products and services comply with the evolving standards aimed at protecting retail investors. This may involve revising disclosure practices, enhancing transparency and ensuring that marketing materials are clear and not misleading.
- d. **Monitoring financial activities, Retail Investor Trends (RITs) and Development of Retail Risk Indicators (RRIs):** ESMA will continuously monitor financial activities and RITs to identify potential causes of consumer and investor harm including product-related consumer trends and the cost and performance of retail investment products. ESMA expects that firms are proactive in monitoring these trends themselves and are prepared to respond to any identified risks or regulatory changes that may arise from ESMA's findings. To better protect retail investors, ESMA will develop RRIs that help identify potential causes of consumer and investor harm. These

⁵ The EU's RIS is a comprehensive framework aimed at enhancing the participation of retail investors in the financial markets. This strategy is designed to ensure that retail investors have access to a wide range of investment opportunities, while also being protected through robust regulatory measures. The primary objectives of the strategy include increasing transparency, improving financial literacy, and ensuring that retail investors receive fair treatment. One of the key components of the RIS is the emphasis on transparency. This involves providing retail investors with clear and comprehensible information about investment products, including their risks and costs. The strategy mandates that financial institutions disclose all relevant information in a manner that is easily understandable, enabling investors to make informed decisions. Additionally, the strategy seeks to enhance the comparability of different investment products, allowing investors to evaluate their options more effectively. Improving financial literacy is another crucial aspect of the RIS. The EU recognises that a well-informed investor base is essential for the proper functioning of the financial markets. As such, the strategy includes initiatives aimed at educating retail investors about the basics of investing, the risks involved, and the importance of diversification. These educational efforts are intended to empower investors to take control of their financial futures and make decisions that align with their long-term goals. Ensuring fair treatment of retail investors is also a central tenet of the strategy. This involves implementing measures to prevent conflicts of interest and ensuring that financial advisors act in the best interests of their clients. The strategy includes provisions for stricter oversight of financial advisors and the introduction of standards for professional conduct. By fostering a culture of integrity and accountability, the EU aims to build trust in the financial system and encourage greater participation from retail investors.

indicators will be used to monitor financial activities and trends, providing early warnings of emerging risks. ESMA is clear that financial services firms should consider integrating similar risk indicators into their own risk management frameworks to pre-emptively address potential issues and align with ESMA's supervisory expectations.

- e. **Engagement and Education:** ESMA will engage with retail investors through coordinated communication with NCAs. This includes targeted campaigns to raise awareness about investment risks, particularly those associated with social media and AI tools. Financial education initiatives will be promoted in collaboration with the EBA and EIOPA.

Sustainable finance

In 2025, ESMA will intensify its focus on implementing the sustainable finance legal and supervisory framework. This includes combating greenwashing and promoting transparency in sustainable investments. ESMA will develop technical standards on several aspects relating to the registration and supervisory regime for external reviewers under the European Green Bonds Regulation (**EU-GBR**). Additionally, ESMA will support the deepening of supervisors' environmental, social and governance (**ESG**) expertise through targeted training.

Technological innovation

ESMA commits to driving digitalisation in financial markets by developing and strengthening the Single Rulebook and promoting supervisory convergence in this area. The implementation of DORA in 2025 necessitates a robust supervisory approach to ensure the resilience of critical financial services against digital threats. ESMA will also focus on financial innovation, particularly in artificial intelligence (**AI**), to ensure investor protection and market integrity. The potential responsibilities under the EU's AI Act could further influence how firms integrate AI into their operations and thus present new challenges for ESMA and NCAs.⁶

Key regulated sectors and entities

The AWP 2025 details ESMA's focus on various regulated sectors including investment management, investment services, issuer disclosure, benchmark providers, CRAs, CCPs, DRSPs, TRs, trading, market integrity, central securities depositories (**CSDs**) and securitisation. Each sector has specific objectives aimed at promoting effective markets, financial stability, supervision convergence, retail investor protection, sustainable finance, technological innovation and effective use of data. This can be summarised as follows:

- a. **Investment services:** For investment services, ESMA aims to ensure effective protection of retail investors and promote supervisory convergence. This includes a Common Supervisory Action (**CSA**) on the integration of sustainability preferences in firms' suitability assessments. ESMA will also contribute to the development of the prudential regime for investment firms (MiFIR/MiFID II as supplemented by IFR/IFD) and support the implementation of the third-country regime for investment services. ESMA notes that firms should anticipate increased regulatory guidance and potential adjustments to their compliance frameworks.
- b. **Trading:** In the trading sector, ESMA will finalise follow-up work to the MiFIR Review, including revisions to trade transparency requirements and technical standards on transaction reporting. ESMA will also monitor the integrity of the European carbon market. ESMA expects that trading firms stay abreast of these developments to ensure compliance with evolving transparency and reporting requirements. ESMA's points to the evolution of settlement cycles internationally and the observed trend of shortening settlement cycles from T+2 to T+1, which is impacting the way in which stakeholders operate. ESMA has announced in the AWP that it will publish, before the end

⁶ The EU's AI Act will require supervised firms to address discriminatory practices emerging from AI usage in pricing and underwriting. ESMA will support NCAs in supervising the AI Act and integrating their role as market surveillance authorities. Firms must monitor, identify and address benefits and risks arising from AI usage in insurance, ensuring fair treatment of consumers. ESMA's supervisory guidance and other publications on AI Act implementation will promote convergence and provide clarity to the market about supervisory expectations.

of 2024, its report on the shortening of the settlement cycle in the EU. Following this, in 2025 ESMA will likely continue working on this file through an active involvement in preparatory work and coordination with the relevant public and private sector stakeholders towards shortening of the settlement cycle according to the roadmap that will be proposed in ESMA's report.

- c. **Investment management:** ESMA's focus in the investment management sector includes the development of the Single Rulebook applicable to the Alternative Investment Fund Managers Directive (**AIFMD**), Undertakings for Collective Investment in Transferable Securities (**UCITS**) Directive, Money Market Funds Regulation (**MMF**) and other related regulations. Key outputs include guidelines on liquidity management tools (**LMTs**) for UCITS and open-ended AIFs, technical standards on open-ended loan-originating AIFs and a report on costs charged by UCITS and AIFMs. ESMA notes that firms should prepare for enhanced scrutiny on sustainability disclosures and integration of sustainability risks.
- d. **Issuer disclosure(s):** In the area of issuer disclosure(s), ESMA will continue to develop the Single Rulebook for financial and sustainability reporting, the EU's Prospectus Regulation and corporate governance. Key outputs indicated by ESMA during 2025 include technical advice on prospectus liability, guidelines on product supplements and amendments to the European Single Electronic Format (**ESEF**) to include sustainability disclosures. ESMA expects that market participants ensure their reporting practices align with these evolving standards to maintain compliance and investor confidence.
- e. **Market integrity:** ESMA will promote supervisory convergence under the Market Abuse Regulation (**MAR**) and Short Selling Regulation (**SSR**), focusing on social media's (and in particular "Finfluencers") impact on market surveillance as well as expansion of market integrity to MiCAR (see below). ESMA will equally issue opinions on accepted market practices (AMPs) and produce an annual report on Suspicious Transaction and Order Reports (STORs). As in previous years, ESMA remains committed to strengthening its surveillance or algorithmic trading activities to detect and prevent market abuse. ESMA expects that all financial market participants strive to enhance their market surveillance systems to detect and prevent market abuse effectively.
- f. **Benchmark providers:** ESMA's supervision of benchmark providers under the EU Benchmarks Regulation will focus on ensuring the robustness and resilience of critical benchmarks like EURIBOR. ESMA will also monitor compliance with Guidelines on internal controls and periodic reporting. ESMA expects that market participants involved in benchmark administration should be prepared for ongoing supervisory engagement and potential adjustments to their methodologies.
- g. **Credit Rating Agencies (CRAs):** ESMA cautions that it will intensify its supervision of CRAs, focusing on methodological design, analytical approach and the independence of the rating process. ESMA will issue updated Guidelines on disclosure for credit ratings and supervisory guidance on material changes to rating methodologies. ESMA is clear that CRAs should expect rigorous oversight and ensure their processes are transparent and robust.
- h. **Central Counterparties (CCPs):** For both EU and third-country CCPs, ESMA will enhance its supervisory framework, including stress tests, risk model validations and annual reviews. The authority will also implement new ITS/RTS under EMIR 3 including with respect to the Active Account Requirement, supervisory procedures, margin requirements (including transparency) and interoperability. Firms operating CCPs should prepare for detailed supervisory scrutiny and ensure their risk management frameworks are resilient. This also includes EU CCPs stepping up efforts to meet the CCP's Recovery and Resolution Regime, ensuring that recovery plans are robust and meet ESMA's expectations, which are very much in focus in ESMA's 2025 peer review. CCPs must also ensure that they comply with data reporting and accuracy requirements, utilising the central database for submissions and information sharing as well as participating in fire drills so as to enhance crisis preparedness and operational continuity in times of stress.
- i. **Central Securities Depositories (CSDs):** ESMA will increase its activity when it participates in CSD Colleges of Supervisors and develop technical standards under CSDR Refit. ESMA will also publish a report on shortening the settlement cycle in the EU. CSDs should prepare for potential changes in settlement practices and ensure compliance with new regulatory standards.
- j. **Data Reporting Services Providers (DRSPs):** ESMA's supervision of DRSPs (including those beyond Approved Reporting Mechanisms (ARMs) and Approved Publication Arrangements (APAs), will focus on ensuring high data quality standards and operational resilience. ESMA

expects that it will launch the selection and authorisation procedure for Consolidated Tape Providers (**CTPs**) for bonds and equities. DRSPs should ensure their systems are robust and compliant with ESMA's data quality expectations.

- k. **Trade Repositories (TRs):** ESMA will continue to step-up how it supervises TRs with an emphasis on data quality and operational resilience. ESMA will monitor the implementation of EMIR REFIT requirements and publish a report on the efficiency of reporting under the EU's Securities Financing Transaction Regulation (**SFTR**). ESMA's statements translate into an expectation that TRs should step-up their focus on maintaining high standards of data accuracy and integrity.
- l. **Securitisation and Securitisation Repositories (SRs):** ESMA's supervision of SRs will focus on data quality and operational resilience. ESMA will also issue guidance on investor due diligence and follow up on the STS Peer Review outcomes. Firms involved in securitisation should ensure their practices align with ESMA's transparency and due diligence requirements.

2. ESMA's own internal operational priorities:

ESMA's effective use of data and ICT

ESMA aims to enhance access to and quality of data for stakeholders, reinforcing its role as a data hub. This includes increasing the usability of information available to the public by ensuring machine-readability of disclosed data. ESMA will continue developing its 'Data Hub' to provide a shared platform for stakeholders and finalise preparations for launching the first phase of the European Single Access Point (**ESAP**) in 2026. ESAP aims to create a centralised platform that enables easy access to public data and information on securities markets.

Organisational aspects

ESMA's organisational aspects cover its Governance, Legal and Compliance, Human Resources, Finance and Procurement as well as its Corporate Services function, all of which have various pressures imposed on them in respect of what the AWP sets out to be achieved vis-à-vis the market as well as with NCAs and inside ESMA itself. The AWP includes a Peer Review Work Plan for 2024-2025 and annexes on human resources, budget, key performance indicators (**KPIs**) plus an overview of ESMA's outputs (see Annex IV).

Legislative files impacting ESMA and its resourcing

Key legislative files impacting ESMA's priorities and its resourcing in 2025 include chiefly DORA and the EU's Markets in Crypto-Assets Regulation (**MiCAR**) as well as an expansion of ESAP (with a longer-term readiness goal). ESMA will also focus on enhancing cross-border cooperation among EU supervisors, improving data quality and leveraging technology to streamline supervision. Specifically:

- a. with respect to DORA-readiness, the AWP 2025 notes that:
 - 1. ESMA will develop common principles regarding third-party risks and ensuring that financial entities under its supervision comply with DORA requirements. ESMA will conduct risk assessments, supervisory work plans and annual reviews of the firms directly supervised by it and those directly supervised by NCAs to ensure compliance with DORA. ESMA will also provide guidance to national supervisors and market participants to ensure a uniform application of DORA across the EU. Firms must ensure that their cybersecurity frameworks are robust and that they can demonstrate compliance with DORA's requirements during ESMA's inspections and reviews. Firms should equally anticipate increased scrutiny on their internal controls, governance and IT systems.
 - 2. ESMA's data strategy under DORA emphasises the importance of high-quality data and the effective use of ICT technologies. Some firms will need to enhance their data management practices to meet ESMA's standards. This includes ensuring the accuracy, consistency and timeliness of data reported to supervisory authorities. Firms should also be prepared for ESMA's initiatives to develop a common data dictionary and integrated reporting systems, which aim to reduce compliance costs and improve data usability.

3. ESMA, along with other ESAs, will start by identifying ICT third party service providers market-wide and then designating the critical ones (i.e., CTPPs). Financial services firms that rely on third-party ICT providers must ensure that these providers comply with DORA's standards. This may involve conducting thorough due diligence and ongoing monitoring of third-party providers' operational resilience.
 4. ESMA will continue to monitor technological innovations, including AI and distributed ledger technology (DLT), to assess their impact on financial markets. ESMA expects that financial services firms stay informed about ESMA's findings and adapt their practices accordingly to mitigate any identified risks. The implementation of DORA will also require firms to integrate new technologies in a manner that ensures operational resilience and compliance with regulatory standards.
- b.** with respect to MiCAR-readiness, the AWP 2025 notes that:
1. One of the critical areas of focus during the initial years of MiCAR's application will be the transitional measures and authorisation procedures for crypto-asset service providers (CASPs). ESMA will be particularly vigilant in monitoring these processes to ensure that firms comply with the new regulatory requirements. Firms should anticipate detailed scrutiny during authorisation and be prepared to demonstrate robust compliance frameworks to meet ESMA's standards.
 2. ESMA's role will be pivotal in fostering a convergent application of the new MiCAR framework across NCAs. Firms should prepare for a rigorous supervisory environment as ESMA will publish Level 3 guidance and facilitate the sharing of information among NCAs, including specific supervisory cases. This will help to prevent regulatory arbitrage and ensure consistent practices across the EU.
 3. Another significant aspect under MiCAR is the monitoring of potential market abuse cases as it applies to crypto-assets. ESMA and NCAs will need to develop common solutions to address these issues effectively. All market participants are expected to enhance their market surveillance capabilities to detect and report any suspicious activities promptly. This will be crucial in maintaining market integrity and avoiding regulatory penalties.
 4. In 2025, ESMA, in collaboration with the EBA, will deliver an interim review report on the application of MiCAR to the European Commission. This report may include proposals for legislative changes based on the initial implementation experiences. Firms should stay informed about these developments as they could lead to further regulatory adjustments that may impact their operations.
 5. ESMA will continue to engage with international organisations and standard setters such as the International Organisation of Securities Commissions (IOSCO) and the Financial Stability Board (FSB). This engagement aims to promote the development and adherence to common principles and rules related to crypto-assets, decentralised finance (DeFi) and related technologies.

Translating the above into ESMA's supervision and convergence work

As discussed above, ESMA employs a multifaceted approach to supervisory engagement, focusing on both direct supervision and supervisory convergence. This means that firms engaged in cross-border activities should anticipate more consistent regulatory oversight and supervisory engagement and be prepared for potential adjustments in their compliance frameworks, in particular in light of more intrusive scrutiny.

ESMA's direct supervisory activities include the use of risk assessments, thematic reports, on-site inspections and enforcement actions where breaches are identified. For financial services firms, this means a heightened level of scrutiny and the need for robust internal controls and compliance mechanisms.

To promote consistency across the EU, ESMA engages in supervisory convergence activities. These include Common Supervisory Actions (CSAs), peer reviews, case discussions and supervisory colleges. For instance, in 2025, ESMA plans to coordinate CSAs on topics such as the integration of sustainability in firms' suitability assessments and pre-trade controls. Financial services firms should be prepared for these coordinated actions, which aim to harmonise supervisory practices and ensure that firms across the EU adhere to the same standards.

A significant aspect of ESMA's supervisory (convergence) approach is its emphasis on data-driven supervision. ESMA leverages advanced data analytics to monitor market developments, assess risks and ensure compliance with reporting obligations. Financial services firms are required to maintain high data quality standards and ensure the accuracy of their reporting systems. ESMA's focus on data quality is evident in its annual assessments and reports on transaction data quality, which highlight the effectiveness of supervisory efforts.

Importantly, there have been some changes between the focus, scrutiny and tone of what ESMA focused on in its 2024 AWP compared to what it plans to do in furtherance of its 2025 AWP's objectives relating to its regulatory as well as direct supervision and convergence roles.

Key messages and differences between ESMA's 2024 AWP and 2025 AWP

In addition to the above, it is important to review how the focus, tone and expected level of scrutiny differs, even if ever so slightly, between ESMA's 2024 and 2025 AWP's:

Topic – running order as used in publications	ESMA's 2024 AWP	ESMA's 2025 AWP
Market context and strategic priorities	<ul style="list-style-type: none"> • The 2024 AWP focused on the economic context marked by high inflation, geopolitical tensions and rapid technological changes, particularly emphasising the energy crisis due to Russia's war against Ukraine. • The 2024 AWP highlighted the urgency of the green transition and the implementation of the sustainable finance legal framework, including the fight against greenwashing. • The 2024 AWP mentioned the collapse of the crypto-currency exchange FTX, underlining the urgency of the new legal framework for crypto-assets established by MiCAR. • It emphasised the importance of the Single Rulebook and the need for ESMA to continuously review and assess it to ensure that it is up-to-date. • The 2024 AWP outlined ESMA's role in promoting global standards and cooperation with international regulatory bodies. • It mentioned the need for ESMA to propose changes to the legislative framework and technical standards. • The 2024 AWP discusses ESMA's direct supervision of EU CRAs, TRs, SRs and certain DRSPs and the importance of maintaining a central register of sanctions and administrative measures. • The 2024 AWP highlighted the need for ESMA to develop supervisory guidance and technical advice to the Commission and co-legislators and to participate in international workstreams related to technological innovation. 	<ul style="list-style-type: none"> • The 2025 AWP signals a shift of focus to regulatory transitions and the evolving impact of technology, with an improving inflationary outlook and anticipated interest rate levels. • The 2025 AWP builds upon a number of items announced in the ESMA CMU Position Paper focusing on citizens, companies and the EU regulatory and supervisory framework. • The 2025 AWP (perhaps rather welcomingly) emphasises the need to streamline existing rules and cut red tape to make the regulatory framework more agile and reduce the compliance burden for businesses thus aiming to make EU capital markets more effective and more efficient. • It highlights specific work on the green and digital transitions, including the implementation of the sustainable finance legal and supervisory framework, combating greenwashing and promoting transparency in sustainable investments. It specifically emphasises the need for ESMA to develop tools and methodologies to detect and address potential greenwashing practices and enhance the quality of ESG disclosures. • The 2025 AWP addresses DORA and MiCAR as significant legislative and regulatory changes requiring robust supervisory approaches. • It mentions the evolution of settlement cycles internationally and the trend from T+2 to T+1 settlement cycles, with ESMA expected to publish a report on this by the end of 2024. • The 2025 AWP highlights the importance of ESMA's role in the implementation of the EU's 'Supervisory Data Strategy', including the development of a common data dictionary and the use of innovative technologies for data analysis.
Key legislative focus	<ul style="list-style-type: none"> • ESMA's focus in 2024 included the implementation of the sustainable finance legal framework and combating greenwashing, with a final report on greenwashing and technical standards for the EU-GBR. • ESMA was to deliver several new technical standards and guidelines under MiCAR and DORA, including 	<ul style="list-style-type: none"> • ESMA's focus in 2025 includes enhancing cross-border cooperation among EU supervisors, improving data quality and leveraging technology to streamline supervision. • ESMA will intensify its focus on implementing the sustainable finance legal and supervisory framework, combating greenwashing and promoting transparency in sustainable investments.

	<p>preparatory work for oversight responsibilities related to DORA.</p> <ul style="list-style-type: none"> • ESMA's work in 2024 was equally shaped by legislative projects such as changes to MiFIR, MiFID II, the AIFMD and the UCITS Directive, CSDR and the introduction of the EU's new RIS. • ESMA was to select and authorise CTPs under MiFID and MiFIR – work which will ramp up in 2025. • ESMA's 2024 work included a focus on the implementation of the market integrity regime under MiCAR and the development of a public register for crypto-assets. • ESMA was to deliver the first Annual Report on the DLT Pilot Regime and work on guidelines for DLT market infrastructures. • ESMA's 2024 activities included the finalisation of the preparations for DORA oversight responsibilities and the establishment of a single EU Hub for ICT-related incident reporting. • ESMA was to provide technical advice on the revision of the UCITS Eligible Assets Directive and work on a CSA in the area of sustainability in investment management. • ESMA's 2024 work included the development of technical standards and Guidelines for investment firms and the implementation of the third-country regime for investment services. • ESMA was to publish guidelines on NCAs' enforcement of sustainability reporting and follow-up reports on financial reporting enforcement. • ESMA's 2024 activities included the supervision of administrators of EU critical and third-country recognised benchmarks and the negotiation of MoUs with third-country authorities. • ESMA was to issue a report on the publication of administrative penalties and other measures by Member States under the CCP Recovery and Resolution Regime. • ESMA's 2024 work included the finalisation of the implementation of the new EMIR Refit requirements by TRs and the monitoring of data quality and operational resilience. • ESMA was to draft new technical standards and review existing ones on equity and non-equity transparency, market data, data reporting and CTPs following the MiFIR review. • ESMA's 2024 activities included the monitoring of the implementation of the clearing obligation and risk mitigation techniques for OTC derivatives under EMIR. • ESMA was to provide technical advice and reports following the review of MAR and guidance on the impact of social media on market surveillance and market integrity. • ESMA's 2024 work included the development of guidance and other supervisory convergence measures related to CSDR requirements and the analysis of the impact of the shorter settlement cycle. • ESMA was to continue its work on a 	<ul style="list-style-type: none"> • ESMA's 2025 work will be shaped by legislative projects such as MiCAR, DORA, ESAP, the EU Listing Act, the EU-GBR and ESG Ratings Regulations. • ESMA will develop its 'Data Hub' to provide a shared platform for stakeholders and finalise preparations to launch the first phase of ESAP in 2026. • ESMA will carry out missions entrusted to it following the outcome of legislative negotiations, including the selection, authorisation and supervision of CTPs. • ESMA will focus on ensuring compliance with DORA requirements and the effective implementation of MiCAR, including the development of a register for CASPs and crypto-asset white papers. • ESMA will deliver an interim review report on the application of the MiCAR framework and engage with international standard setters on crypto-assets and related technologies. • ESMA will develop RTS on the characteristics of and Guidelines on the use of LMTs by UCITS and open-ended AIFs and a report on costs charged by UCITS and AIFMs. • ESMA will produce its third report on marketing requirements and communications under the Regulation on cross-border distribution of funds. • ESMA will update the RTS on ESEF to reflect sustainability reporting requirements and monitor the application of the new CSRD requirements. • ESMA will assess applications for recognition by third-country benchmark administrators and work on Level 2 or Level 3 measures as needed following the European Commission's proposal to amend the EU's Benchmarks Regulation. • ESMA will co-chair CCP supervisory colleges, set annual supervisory priorities and implement the Central Database for CCP data submission and information sharing. • ESMA will conduct regular fire-drills to enhance the crisis preparedness of the CCP Supervisory Committee and coordinate participation in global fire-drills. • ESMA will finalise the follow-up work to the MiFIR Review, including the revision of trade transparency requirements and the development of new RTSs on transaction reporting and order book data. • ESMA will monitor the implementation of the clearing obligation and risk mitigation techniques for OTC derivatives and develop new technical standards following the EMIR 3 Review. • ESMA will continue working on regulatory and supervisory convergence measures following the Listing Act amendments to MAR and monitor the deployment of AMPs. • ESMA will participate in CSD colleges of supervisors and develop technical standards for the shortening of the settlement cycle and other CSDR Refit requirements. • ESMA will intensify its convergence work and issue guidance on STS securitisation, investor due diligence and transparency under the Securitisation Regulation.
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	peer review on the implementation of the STS requirements and the adequacy of disclosure templates under the Securitisation Regulation.	
Strategic priorities and thematic drivers	<ul style="list-style-type: none"> The AWP 2024 placed emphasis on the successful development of ESMA over its first decade and the implementation of significant legislative changes, in particular of the green transition of the European economy and the fight against greenwashing. Central to the AWP 2024 were the plans to expand the Single Rulebook for sustainable finance as part of the new EU-GBR. Further focus in the AWP 2024 related to preparatory work on the necessary IT infrastructure to support ESAP. Key areas also focused on efforts to improve the quality and independence of the rating process for CRAs, including the effective surveillance of ratings and adequacy of resources. The AWP 2024 also concentrated on the need for guidance, capacity building and other convergence initiatives to ensure consistent and effective application of MiCAR across the EU. The AWP 2024 also mentioned the need for further guidance in the areas of outsourcing and governance for all entities under ESMA's remit. 	<ul style="list-style-type: none"> ESMA will continue to contribute to the aims of the CMU Position Paper yet the AWP 2025 places particular emphasis on streamlining existing rules and cutting red tape to make the regulatory framework more agile and reduce compliance burdens. The AWP 2025 details plans for the implementation of DORA and MiCAR, including the establishment of a robust supervisory approach and ensuring compliance with new requirements. Enhanced focus on cross-border cooperation among EU supervisors, improving data quality and leveraging technology to streamline supervision. Development of a data hub to provide a shared platform for stakeholders and finalising preparations for the launch of ESAP in 2026. Introduction of new supervisory mandates such as CTPs and adapting to technological and financial innovation. Plans to intensify efforts to foster convergent application of the new MiCAR framework at the national level and monitor potential market abuse cases. Emphasis on the development of common principles regarding third-party risks and the application of risk-based supervision at both ESMA and national levels. Plans to enhance the usability of the sustainability finance regulatory framework and support the development of supervisory tools and methodologies to detect and address potential greenwashing practices. Introduction of new KPIs to measure the extent to which the priorities and drivers set out in ESMA's 2023-2028 Strategy are being achieved.
Key regulated sectors and entities	<ul style="list-style-type: none"> The AWP 2024's focus (in addition to the above) particularly as it concerns the quality and independence of the rating process for CRAs, included the review and approval process of models and methodologies, effectiveness of review functions and monitoring of business strategies, including new product offerings. As to EMIR Refit, the AWP 2024 placed emphasis on the implementation of the EMIR Refit technical standards on reporting and data quality and the deployment of ISO 20022 XML standards through the full life cycle of derivatives reporting. The AWP 2024 also concentrated on ensuring an effective governance and internal control framework within Trade Repositories (TRs), including monitoring IT and information security incidents and assessing cybersecurity frameworks. ESMA's supervisory approach, as set out in the AWP 2024, involved implementing action plans to tackle industry risks and ensuring firms' regulatory change implementations comply with expectations, in particular in the context of EMIR Refit. 	<ul style="list-style-type: none"> Introduction of DORA and MiCAR, necessitating a robust supervisory approach to ensure resilience against digital threats and effective supervision of the new regulatory regime. Evolution of settlement cycles from T+2 to T+1, with ESMA publishing a report on the shortening of the settlement cycle and continuing work on this file through coordination with stakeholders. Enhanced supervisory responsibilities under new legislative files, including MiCAR, DORA, the ESAP, the Listing Act, the EU-GBR and ESG Ratings Regulations. Focus on ensuring compliance with DORA requirements for entities under ESMA's direct supervision, including the use of AI for risk identification and forensics. Development of a common supervisory approach for supervised entities, with guidance on governance, internal controls and periodic reporting. Coordination of supervisory case discussions and follow-up actions based on the outcome of the CSA on sustainability in the investment fund sector. Monitoring of risks in the investment management sector, including the use of leverage by funds, liquidity of real estate funds and interconnectedness with the financial system. Launch of the selection and authorisation procedure for the first CTP for bonds, with the bonds CTP expected to be operational by the

		end of 2025.
ESMA as an Organisation (i.e. its internal focussed priorities)	<ul style="list-style-type: none"> ESMA's strategy as set out in the AWP 2024, builds on its first decade of development, significant legislative changes, supervisory convergence and new supervisory mandates following the 2020 review of the ESAs. In 2024, ESMA committed to expanding the Single Rulebook for sustainable finance as part of the new EU-GBR and deliver its final report on greenwashing. ESMA will deliver technical standards for the European Single Access Point (ESAP) and continue preparatory work on the necessary IT infrastructure to support ESAP. ESMA's guidance is delivered as Q&As, validations, opinions, supervisory briefings, or discretionary guidelines and recommendations. ESMA's outputs related to supervision include risk assessments, supervisory strategies, remediation plans for supervised entities, investigations and on-site inspections, thematic reports and decisions on registration, recognition, certification and enforcement. ESMA promoted the convergence of supervisory activities across the EU using a wide range of tools, including guidance, supervisory briefings and supervisory colleges. ESMA's multi-annual IT Work Programme is steered by the then new ESMA Strategy 2023-2028 and aims to enhance ESMA's data management capacity. ESMA's Corporate Services will contribute to ESMA as an organisation by improving its environmental performance through the Eco-Management and Audit Scheme (EMAS). 	<ul style="list-style-type: none"> ESMA's strategy establishes three strategic priorities and two thematic drivers, focusing on enhancing cross-border cooperation among EU supervisors, improving data quality and leveraging technology to streamline supervision. ESMA will continue developing its Data Hub to provide a shared platform for stakeholders and will finalise preparations to launch the first phase of ESAP in 2026. ESMA's guidance is delivered as Q&As, validations, opinions, supervisory briefings, or discretionary guidelines/recommendations. ESMA's outputs related to supervision include risk assessments, supervisory work plans, annual reviews, remediation plans for supervised entities, investigations and on-site inspections, thematic reports and decisions on registration, recognition, certification and enforcement. ESMA will continue developing its common supervisory approach for supervised entities, focusing on governance, internal controls and periodic reporting. ESMA's multi-annual IT Work Programme aims to enhance the access to and quality of data and information to stakeholders, reinforcing ESMA's role as a data hub. ESMA's Corporate Services will support the organisation's environmental agenda by improving its environmental performance through EMAS.
Peer Review Work Plan – i.e. ESMA reviewing NCAs and their supervision of firms	<ul style="list-style-type: none"> Peer reviews planned for 2024 included the implementation of the requirements for STS securitisation, depositary obligations under the UCITS directive and AIFMD and CCPs' outsourcing and intragroup governance arrangements. Follow-up actions planned for 2024 included supervisory actions aiming at enhancing the quality of data reported under EMIR, supervision of cross-border activities of investment firms and the application of guidelines on the enforcement of financial information by the German NCA (BaFin) and accounting supervisor (FREP) in the context of Wirecard. Specific mention of follow-ups to the EMIR data quality peer review and the Wirecard Fast Track Peer Review. 	<ul style="list-style-type: none"> Peer reviews planned for 2025 include a key focus on CCPs' recovery plans. Follow-up peer reviews to be launched in 2025, if resources are available, include supervision of cross-border activities of investment firms, relocation of firms in the context of Brexit and prospectus scrutiny and approval. Emphasis is expressed by ESMA on the need to adjust the Peer Review Work Plan in response to resource constraints or external developments. Specific mention of the follow-up on the supervision of cross-border activities of investment firms and other peer reviews if resource feasible.

While, unlike the EBA's or EIOPA's 2025 AWP (see separate coverage on each) there is no standalone chapter or other indication on the deprioritisation of action items, the 2025 AWP of ESMA does state that for work on CSDs, SRs, DSRPs, MAR and SSR the focus remains on maintaining existing standards/processes and ensuring compliance as opposed to introducing proactive expansion of requirements.

Outlook and next steps

In light of ESMA's 2025 AWP, financial services firms and market participants must prepare for a more rigorous and harmonised regulatory environment. The stronger emphasis on supervisory convergence and the implementation of new legislative frameworks such as DORA and MiCAR will necessitate significant adjustments in compliance strategies. Firms should anticipate increased scrutiny for existing but also new mandates from both ESMA and NCAs, in particular in areas such as digital operational resilience, sustainable finance and retail investor protection. It is imperative that all firms (not just those subject to direct ESMA supervision) proactively engage with these legislative, regulatory and supervisory developments, ensuring that their internal controls, governance structures and IT systems are robust and compliant with the evolving standards and expectations. Firms should anticipate more rigorous and coordinated supervisory actions, including joint on-site inspections and collaborative efforts within Colleges of Supervisors.

Moreover, the focus on enhancing data quality and leveraging technology for supervision underscores the need for firms to invest in advanced data management and reporting systems. The implementation of the ESAP and the development of a common data dictionary will require firms to ensure that their data is accurate, consistent and timely. This will not only facilitate compliance but also enable firms to better manage risks and improve operational efficiency. Additionally, the continued emphasis on sustainable finance and combating greenwashing will require firms to enhance their ESG disclosures and integrate sustainability risks into their business models.

Finally, the evolving market context, characterised by legislative and regulatory transitions and technological advancements, presents both challenges and opportunities for financial services firms and the wider market as well as for regulators and supervisors. The (welcome) shift towards a more agile framework aims to reduce compliance burdens while promoting market efficiency and investor protection but does not mean a scaling back in full. Firms should leverage this opportunity to streamline their operations, innovate and enhance their competitive edge but not hope for a reversal but rather targeted streamlining of standards and requirements. By aligning their strategies with ESMA's strategic priorities and thematic drivers, firms can navigate the complex legislative, regulatory and supervisory landscape effectively, contributing to a more resilient and sustainable financial sector in the EU.

About us

PwC Legal is assisting a number of financial services firms and market participants in forward planning for changes stemming from relevant related developments. We have assembled a multi-disciplinary and multijurisdictional team of sector experts to support clients navigate challenges and seize opportunities as well as to proactively engage with their market stakeholders and regulators.

In order to assist firms in staying ahead of their compliance obligations we have developed a number of RegTech and SupTech tools for supervised firms. This includes PwC Legal's [Rule Scanner](#) tool, backed by a trusted set of managed solutions from PwC Legal Business Solutions, allowing for horizon scanning and risk mapping of all legislative and regulatory developments as well as sanctions and fines from more than 1,500 legislative and regulatory policymakers and other industry voices in over 170 jurisdictions impacting financial services firms and their business.

Equally, in leveraging our Rule Scanner technology, we offer a further solution for clients to digitise financial services firms' relevant internal policies and procedures, create a comprehensive documentation inventory with an established documentation hierarchy and embedded glossary that has version control over a defined backward plus forward looking timeline to be able to ensure changes in one policy are carried through over to other policy and procedure documents, critical path dependencies are mapped and legislative and regulatory developments are flagged where these may require actions to be taken in such policies and procedures.

The PwC Legal Team behind Rule Scanner are proud recipients of ALM Law.com's coveted "2024 Disruptive Technology of the Year Award".

If you would like to discuss any of the developments mentioned above, or how they may affect your business more generally, please contact any of our key contacts or PwC Legal's RegCORE Team via de_regcore@pwc.com or our [website](#).

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