

7 February 2020

Amendments to the Guidelines on Enforcement of Financial Information

Background

The Authority would like to draw your attention to the [amended version of the Guidelines on Enforcement of Financial Information](#)¹ (hereinafter referred to as the 'Amended Guidelines'), as published by the European Securities Markets Authority ('ESMA') on 04 February 2020.

The scope of the guidelines remains unchanged from the 2014 version of the Guidelines on Enforcement of Financial Information² (hereinafter referred to as the 'Guidelines'), with the Guidelines applying to all competent authorities of Member States of the European Union ('EU') undertaking enforcement of financial information under the Transparency Directive³ and any other competent authority within the European Economic Area ('EEA') where the Transparency Directive applies.

The objective of the amendments made to the Guidelines is to further harmonise the enforcement carried out by competent authorities on the financial disclosures of European issuers, thereby strengthening investor protection. The main amendments brought forward reflect the results of a peer review carried out in 2017, as published by ESMA on 18 July 2017, on the implementation of particular aspects of the Guidelines, specifically Guideline 2 *Human and Financial Resources*, Guideline 5 *Selection Methods* and Guideline 6 *Examination Procedures*.

Summary of Amendments

Reference is made to the [report on the amendments to the Guidelines](#)⁴ (hereinafter referred to as the 'Report'), as published by ESMA on 04 February 2020. The Report outlines the amendments made to the Guidelines, including explanations and track-changes where necessary.

The main changes to the Guidelines are summarised as follows:

- i. New definitions on the different types of examinations;
- ii. The selection for examinations should be based on a combination of approaches: risk-based, random selection and rotation;
- iii. The selection model should also ensure that an Issuer is selected for examination at least once within the chosen timeframe;
- iv. There are specific minimum thresholds in relation to the types of examinations carried out;

¹ Guidelines on enforcement of financial information, ESMA32-50-218, dated 04 February 2020

² Final Report – ESMA Guidelines on enforcement of financial information, ESMA/2014/807, dated 10 July 2014

³ Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended by Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013

⁴ Report – Amendments to ESMA Guidelines on enforcement of financial information, ESMA32-67-613, dated 04 February 2020

- v. A new guideline highlights examinations on the basis of recognition and measurement principles as well as management reports; and
- vi. A new guideline introduces quality reviews of the examinations performed.

Next steps

The amendments to the Guidelines will become effective on 01 January 2022.

Contacts

Should you have any queries relating to the above, kindly contact the Authority on CapitalMarkets@mfsa.com.mt.