



TOPICS:

Digital Innovation

SOURCE:

European Securities and Markets Authority

ESMA Sets New Supervisory Priority on Digital Innovation from 2027

- This factsheet explains the **Union strategic supervisory priorities (USSPs)**: EU-wide topics that guide the work of national competent authorities and, where applicable, ESMA's direct supervision. The factsheet describes a new priority for 2027, an ongoing priority, and one closing in 2026.
- **Innovation with investor safeguards begins in 2027.** ESMA wants supervisors to understand how firms use artificial intelligence, tokenisation and other emerging technologies in activities affecting clients. The priority seeks to support useful innovation while strengthening supervisory skills, common approaches and firms' governance. Risks identified include biased or misleading AI outputs, products investors may struggle to understand, and reliance on a small number of technology providers. In 2027, authorities plan to map client-facing uses, assess capacity needs, engage with firms and conduct initial checks on a subset of the most affected firms.
- **Cyber and operational resilience remains an active priority.** Launched in 2025, it focuses on strengthening supervision under the Digital Operational Resilience Act (DORA). Authorities have expanded checks across more entities and increasingly use on-site inspections.

Their work covers governance, incident management, testing and third-party risk. For 2027, ESMA expects deeper checks, better use of incident and other data, and broader coverage, including smaller firms and crypto-asset service providers. Supervisors will also continue sharing practices and coordinating threat-led penetration testing.

- **The ESG disclosures priority closes in 2026, but related supervision continues.** Since its 2023 launch, authorities have built expertise and tools, coordinated reviews of sustainability disclosures, and worked to improve investor understanding and the treatment of sustainability preferences in advice. ESMA reports progress, including declining measures of potentially inconsistent ESG fund names and holdings. It also identifies remaining work on investor understanding, disclosure quality and suitability practices. ESMA and national authorities intend to continue this work as sustainability reporting and disclosure rules evolve.

