

# Summary of Conclusions

## Joint meeting of the Board of Supervisors and the Securities and Markets Stakeholder Group

<b>Date:</b>	25 January 2024
<b>Time:</b>	14:30h – 17:00h
<b>Location:</b>	201 rue de Bercy, 75012 Paris, France
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### No Item

#### 1. Opening remarks by the ESMA and SMSG Chairs

The ESMA Chair and the SMSG Chair opened the meeting, welcomed all the participants and introduced the topics for discussion.

#### 2. Capital Markets Union (CMU)

The ESMA Chair introduced the discussion by referencing the need for companies, especially SMEs, to find financing outside of the banking sector and the need for individual investors to have access to safe investments to finance their retirement.

Rainer Riess and Tanguy van der Werve (SMSG) presented a view of the CMU from an industry perspective noting that the CMU had not so far reversed the over-reliance on bank funding nor mobilised the capital of European citizens. They noted that capital markets were losing competitiveness and that improvements should be made both to the supply-side and the demand-side of capital markets, the latter by mobilising long-term capital pools.

Agustín Reyna (SMSG) presented a view of the CMU from a consumer perspective. He described the importance of opportunity and incentives, as well as distribution models and national differences in developing a CMU that protects retail investors. He noted the importance to retail investors of value for money indicators and of having a new key information document (KID).

ESMA Board members provided their own views on the topic including on the importance of maintaining open capital markets and international diversification for companies, as well as of independent advice, low-cost products and financial health checks for retail investors. They also mentioned the importance of other measures not related directly to capital market regulation, such as pension, social, labour and taxation policies.

SMSG members pointed to the advantage of building local ecosystems and argued that a domestic bias can lead to continuous funding for companies; they also emphasised the need for “patient capital”, especially for SMEs. They noted the potential impact of higher interest rates on capital markets and highlighted the need for simple, cost-efficient products for retail investors, as well as the importance of independent advice.

### **3. MiCA and crypto-assets**

Giovanni Petrella (SMSG) presented the Group’s two pieces of advice on MiCA: the [first](#) on crypto-asset service providers (CASPs) and entities planning to offer services in EU jurisdictions, the [second](#) on several aspects that included sustainability indicators, continuity of CASPs, pre- and post-trade transparency, and white papers, as well as on draft technical standards related to the cooperation between NCAs, ESAs and third-country authorities. He highlighted the need to balance investor protection with creating an environment that does not stifle innovation, and that entities active in the crypto space should be subject to the same regulation and oversight as intermediaries providing economically equivalent financial services.

Carlo Comporti (ESMA) provided an update and a timeline on ESMA’s policy work on MiCA as well some first considerations on the SMSG advice received, including agreement with the SMSG’s general principles on investor protection and on equal regulatory treatment for CASPs.

George Theocharides (ESMA) gave a short presentation on the recent developments and risks in the crypto-assets markets. He highlighted the strong market rally since October 2023 and pointed to some trends in stablecoins and in decentralised finance. He also showed that ESMA scoring highlighted persistently high risks in crypto markets.

SMSG members flagged the potential impact to European retail investors of the approval of Bitcoin spot ETFs in the United States and the limitations of MiCA in preventing the mixing services in the value chain. They also highlighted the complexity of the crypto supply chain with the proliferation of actors outside, such as Finfluencers, as well as noting that crypto asset investments are not covered by investor compensation schemes. Board members confirmed that these important points were being considered.

### **4. Concluding remarks**

The ESMA and SMSG Chairs concluded by noting that it had been the final joint meeting of the Board of Supervisors and the current composition of the SMSG (before the SMSG mandates will be renewed in July 2024) and thanked participants for their contributions.