

Summary of Conclusions

Securities and Markets Stakeholder Group

Date:	13 December 2024
Time:	10:00h – 16:00h
Location:	Online
Contact:	stakeholders@esma.europa.eu

No Item

1. Report from the Steering Committee

The SMSG Steering Committee reported on the working groups that had been established to draft advice. A discussion was held on working methods to best ensure the views of all SMSG members were reflected in SMSG advice.

2. Recent market developments

a. Shareholder rights

SMSG member, Christiane Hölz, presented the results of a study from DWS into the experiences with the virtual general meeting format in the German general meeting season 2024. The policy recommendations following the study included promoting a balanced and inclusive hybrid AGM model as the default format, addressing the technological challenges and legal ambiguities associated with online events, requiring regular reports from companies on the efficacy of virtual AGM formats, and holding companies accountable for significant technical disruptions during AGMs.

SMSG members discussed the presentation sharing their experiences with the organisation of shareholder meetings.

ESMA staff commented that, while ESMA did not have a large remit in the policy area, they would take the observations into account where possible.

b. Financial literacy

SMSG member, Barbara Alemanni, presented the results of an annual study into the financial literacy of Italian households. She noted that improving economic conditions in 2024 had contributed to a decline in overall financial literacy. She noted that familiarity with sustainable finance is low, especially among women, and that clear explanations of sustainability features, comparisons of costs and performance,

and external certification could be useful. With regards to the study's findings on digital financial literacy, she noted the concern that traditional financial literacy is insufficient to empower individuals to effectively access and use digital financial services.

SMSG members discussed the presentation noting that its findings echoed others similar studies.

ESMA staff recognised that there is a need to improve financial literacy and confirmed that sustainable finance and digitalisation are two key topics for ESMA.

c. ETF Market

SMSG member, Stephane Giordano, presented some observations on potential risks in the ETF market. These related to the impact of the ETF market on the underlying market and the valuation of assets, including price discovery and the risk of self-inflated returns. He noted there is debate on the impact of the liquidity of the ETF market in times of market stress. He also noted that, while generally seen as a simple product, certain features of ETFs may make them complex products. Finally, he pointed to a high fail rate of ETFs and the related consequences for the settlement cycle, subjects that will require particular attention in the context of the projected move to T+1.

SMSG members commented on the issues raised in the presentation noting the increasing popularity of ETFs, particularly among younger investors.

ESMA staff confirmed that most ETFs in the EU are UCITS and, as such, need to comply with UCITS legislation.

3. Listing Act: call for evidence on prospectus liability and consultation on prospectus regulation

SMSG Vice-Chair, Urban Funered, provided the Group with an update on the discussions in the working group on ESMA's call for evidence on prospectus liability and its consultation on the prospectus regulation.

SMSG members commented on the working group's proposals particularly in relation to investor access to civil liability and to the lack of a pan-EU insolvency framework. They also pointed out that keeping disclosure requirements as similar as possible across jurisdictions would be helpful.

ESMA staff confirmed that a key subject was how to balance access to the market with investor protection.

4. Listing Act: advice on research (MiFID)

SMSG member, Ariadna Dumitrescu, provided the Group with an update on the discussions in the working group on ESMA's consultation on its draft technical advice on the amendments to the research provisions under MiFID II in the context of the Listing Act. She also presented the results of a literature review on the topic.

SMSG members commented on the presentation noting the importance of monitoring the development of the research market.

ESMA staff confirmed that it was clear that SMEs had need of research to ensure their visibility to investors but without causing conflicts of interest or increasing costs.

5. MiCA NCA Guidelines on market abuse

SMSG member, Morten Kinander, provided the Group with an update on the discussions in the working group on ESMA's request to the SMSG to provide their advice on Guidelines to national competent authorities (NCAs) on market abuse under MiCA.

SMSG members highlighted the need for an appropriate level of knowledge and competence for supervisors and commented on the role and reach of social media in advertising crypto-assets.

ESMA staff described the various capacity building initiatives focused on crypto assets for supervisors in NCAs and the use ESMA made of investor warnings on crypto-assets.

6. Consultation Paper 2025 overview

ESMA staff presented an overview of the planned consultation papers for 2025.

7. Consultation on European Single Electronic Format

ESMA staff presented a consultation paper on the European Single Electronic Format (ESEF) that defines ESEF digital rules on sustainability topics, revises ESEF rules related to IFRS consolidated financial statements, and amends the European Electronic Access Point RTS. They also outlined the timetables for the phase-in of the digital requirements.

SMSG members highlighted the European Commission's intention to work on reducing reporting requirements on companies and the potential impact of artificial intelligence on reporting.

ESMA staff acknowledged that the Commission's burden reduction work could impact this area while respecting the clear mandates and timelines in existing legislation.

The Group decided to read the published consultation paper before deciding whether to set up a working group.

8. Consultation on open ended loan AIFs

ESMA staff presented a consultation paper under the AIFMD on draft RTS to determine the requirements which loan-originating AIFs are to comply with to maintain an open-ended structure.

The Group decided to read the published consultation paper before deciding whether to set up a working group.

9. Consultation on internal controls for ESMA supervised entities

ESMA staff presented a consultation paper on Guidelines on internal control for Benchmark Administrators, Credit Rating Agencies and market transparency infrastructures.

The Group decided to read the published consultation paper before deciding whether to set up a working group.

10. AOB

The SMSG Chair noted that the agendas of ESMA's recent consultative working groups had been circulated to the Group for information.

PARTICIPANT LIST – SMSG 13 December 2024

Name	Organisation	
Alber, Andrus	Swedbank Investment Funds / Finance Estonia	present
Alemanni, Barbara	University of Genoa	present
Armesto, Rosa	FESE	present
Bergmann, Henning	Der Mittelstandsverbund (SME Groups Germany)	present
Bindelle, Florence	EuropeanIssuers AISBL	present
Calu, Monica	National Authority for Consumer Protection, Bucharest	present
Daskalakis, Nikolaos	GSEVEE	present
Dumitrescu, Ariadna	ESADE Business School	present
Funered, Urban	Swedish Securities Markets Association	present
Giordano, Stephane	Société Générale / AMAFI	present
Hölz, Christiane	Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW)	present
Kajala, Ville	Finland Chamber of Commerce	present
Kinander, Morten	BI Norwegian Business School	present
Kupšys, Kęstutis	Lithuanian Consumers Alliance	present
Lokko, Emma	Susquehanna International Group Ltd	present
Lounasmeri, Sari	Finnish Foundation for Share Promotion	present
Maczynska, Aleksandra	BETTER FINANCE	present
Martínez-Pina, Ana	Gómez-Acebo & Pombo	excused
Mills, Jacqueline	AFME	present
Petrella, Giovanni	Università Cattolica	present
Pfaff, Nicolas	ICMA	present
Prache, Guillaume	FAIDER	present
Reyna, Agustín	BEUC	present
Richter, Thomas	BVI	present
Saade, Virginie	Citadel	present
Schmeddes, Lucas	Ice Endex	present
Singer, Miroslav	Generali CEE Holding	present
Stiefmüller, Christian Martin	Finance Watch	present

Name	Organisation	
Van de Werve, Tanguy	EFAMA	present
Vervliet, Chris	European Works Council at KBC Group	present

ESMA

Name	Position
Verena Ross	Chair
Natasha Cazenave	Executive Director
Isabelle Grauer-Gaynor	Corporate Finance and Reporting Head of Unit
Gregory Frigo	Corporate Finance and Reporting Unit
Eduardo-Javier Moral Prieto	Corporate Finance and Reporting Unit
Cedric Mercken	Credit Rating Agencies Unit
Clement Boidard	Investment Management Unit
Francesca Ayvazian	Post-trading and Integrity Unit
Joeri Buiten	Protection Retail Investors Team
Valeria Luraschi	Protection Retail Investors Team
Louise Waller	International and Institutional Affairs Team