

SUMMARY OF CONCLUSIONS

Securities and Markets Stakeholder Group

Date: 5 April 2016
Time: 09.00 -16:30
Location: ESMA, 103 rue de Grenelle, 75007 Paris
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1. Report from the Steering Committee

The SMSG Chair accounted for the work undertaken as regards the end of term report.

2. Recent Market Developments and Supervisory Convergence

The SMSG discussed three current topics, being:

Fund liquidity – René Karsenti presented the main results from a next to final survey undertaken jointly by ICMA and EFAMA regarding the tools and practices available to fund managers in case of liquidity shocks. The paper describes the EU legislation and current liquidity risk management tools made available to these managers. The paper also explores additional liquidity risk management tools typically used and makes a few recommendations as to the general improvements in the fund liquidity management.

The Group discussed the findings of the paper and noted i.a. that ICMA and EFAMA were suggesting that ESMA undertake some additional work in mapping which fund liquidity tools that are available in the different EU member states.

The ESMA Chair noted i.a. that ESMA covers the matter in its regular risk reporting but has currently limited data as regards these matters. He mentioned that, at this stage, ESMA would be careful to add new requirements to the already existing ones.

“Brexit” – The Group discussed the practical issues for capital markets in the event of the United Kingdom leaving the EU, based on a presentation by René Karsenti based on a recent study undertaken by the ICMA. The possible effects which could be envisaged in the case that the UK leaves the EU were discussed in particular the impact on capital markets.

Robot Investment Advice – Guillaume Prache presented the conclusions of a report from Better Finance as regards automated investment advice, and Pierre-Henri Conac updated the group on the findings of a recent report from the FCA on that same topic.

The group discussed the topic noting i.e. that this is a very fast moving area with a lot of very interesting developments.

3. Market Abuse topics

The SMSG rapporteur Rüdiger Veil presented a draft SMSG consultation reply to the ESMA Consultation on MAR Guidelines regarding market soundings and legitimate interests for delay (ESMA CP 2016/162), for approval by the Group. He accounted for the detailed content of the paper under the respective headings.

ESMA acknowledged the good quality and importance of the advice given, and remarked that the final proposals as regards a two-tier system will be developed further.

ESMA further presented its Consultation Paper on MAR Guidelines as regards information required or expected to be disclosed on commodities and commodity derivatives

Conclusion: The Chair noted that the SMSG advice paper on market soundings and the legitimate interest to delay as being approved and for publishing on the ESMA web-page. He also noted that the SMSG would consider setting up a working group in order to respond to the new consultation paper regarding commodities with the caveat that the subject matter could prove to be too technical for high level advice.

4. SMSG end of term report

The SMSG Chair noted that the BSG had produced a similar end of term report and proceeded to introduce the first part of the SMSG end-of term report which concerns working procedures, resources, support, visibility and similar questions. Part two concerns the role of the SMSG, while part three includes summaries of all SMSG papers produced in the mandate period of the current group.

Conclusion: The SMSG Chair asked all rapporteurs to provide comments on the summaries of their respective reports as included in the draft paper part III and all members of the Group to provide comments on the draft report in general. Marina Brogi will provide a resume of the online questionnaire, which will in all likelihood be included as an appendix. More specific findings may also be used in the main part of the report. He concluded that the Steering Committee would continue working on the draft and that the report would be submitted for approval at the May meeting.

5. Suitability peer review

Lourdes Centeno, Chair of the ESMA Supervisory Convergence Standing Committee, and Vice-Chair of the CNMV, presented, together with the coordinator Salvatore Gnoni, the high-level findings of a recently concluded peer review on the supervisory practices across the EU with regard to application on suitability requirements. It was noted that the supervision across the EU in this regard demonstrated varying degrees of intensity and that ESMA will follow-up on this peer review in a couple of years' time.

Lourdes Centeno also presented a procedure agreed by the ESMA Board of Supervisors aimed at detailing the procedure to follow for engagement with stakeholder in the context of peer reviews.

Conclusion: The ESMA Chair and the SMSG Chair thanked both for their presentations and voiced appreciation for the time taken by a member of the Board of Supervisors to share these findings with the SMSG. The SMSG Chair also noted that the SMSG is very interested in topics of supervisory convergence. It was noted that the report would be published in a few days' time.

6. European Commission Green Paper on Retail Financial Services

ESMA outlined its current thinking on a possible response to the European Commission on the Green paper on Retail Financial Services. Given that the ESMA Board of Supervisors has not concluded its discussions on what the ESMA response to the

green Paper will be the indicative parts of the response were kept high-level, evolving around the themes of enforcement, cross-selling, PRIIPS and home-host arrangements among others.

Conclusion: The SMSG Chair thanked ESMA for the presentation.

7. Discussion paper on share classes

ESMA presented its discussion paper on high-level principles regarding share classes that can be part of UCITS.

Conclusion: The SMSG Chair thanked ESMA for the presentation and noted that a call would be made to see if members would be willing to join a working group in order to produce advice on this consultation paper.

8. Benchmarks

ESMA staff made a short presentation of the ongoing work. The SMSG had no immediate comments on the discussion paper and were invited to make any possible contribution within a week.

9. Enforcement powers

It was noted that ESMA recently had delivered a decision in an enforcement case against a Trade Repository. Against this background, ESMA presented its procedures for taking decisions in enforcement cases.

The ESMA Chair noted that ESMA has made its views known in support of higher levels of fines.

The SMSG Chair thanked ESMA for the presentation.

10. AOB

There was no other business.

Participants at the SMSG meeting on 5 April 2016

1.	Angel Berges Lobera	Professor of Finance, Universidad Autonoma de Madrid	Excused
2.	Salvatore Bragantini		Present
3.	Thomas Book	Eurex Clearing AG	Present
4.	Marina Brogi	Professor of Capital Markets, La Sapienza University, Rome	Present
5.	Lubomir Christov	Advisor to Bulgarian Association "Active Consumers"	Excused
6.	Pierre-Henri Conac	Professor of Commercial and Company Law, University of Luxembourg	Present
7.	Elizabeth Corley	CEO, Allianz Global Investors	Present
8.	Peter De Proft	Director General EFAMA	Excused
9.	Jaroslaw Dominiak	President of the Management Board of the Association of Individual Investors	Present
10.	Krzysztof Grabowski	Financial Market Participant, Corporate Governance Advisor	Present
11.	Judith Hardt	Managing Director Swiss Finance Council	Present

12.	Mark Hemsley	CEO BATS Chi-X	Present
13.	Fernando Herrero	Member of Board ADICAE, Spanish Banking users association	Absent
14.	Anne Holm Rannaleet	Senior adviser, IK Investment Partners Ltd.	Present
15.	Christiane Hölz	DSW	Present
16.	René Karsenti	President and Board Member, ICMA	Present
17.	Jesper Lau Hansen	Professor of Law, University of Copenhagen	Present
18.	Sari Lounasmeri	CEO, Finnish Foundation for Share Promotion	Present
19.	Antonio Mele	Professor of Finance, University of Lugano	Present
20.	Niamh Moloney	Professor of Law, London School of Economics and Political	Present
21.	Zsolt Nagygyörgy	Chief Compliance Officer MFB Hungarian Development Bank Private Ltd	Present
22.	Guillaume Prache	Managing Director Better Finance for All	Present

23.	Jean-Pierre Pinatton	Chairman of the Supervisory Board of Oddo & Cie Group	Present
24.	Chrystelle Richard	Associate Professor Accounting and management Control Dept., ESSEC Business School	Present
25.	Lindsey Rogerson		Present
26.	Giedrius Steponkus	Chairman, Lithuanian Shareholders Association	Present
27.	Rüdiger Veil	Professor and Managing Director, Institute for Corporate and Capital Markets Law, Bucerius Law School, Hamburg	Present
28.	Chris Vervliet	Senior Risk Manager, KBC Asset Management	Present
29.	Gabriele Zgubic-Engleder	Chair of the Board VKI, Head of the Austrian Federal Chamber of labour	Excused