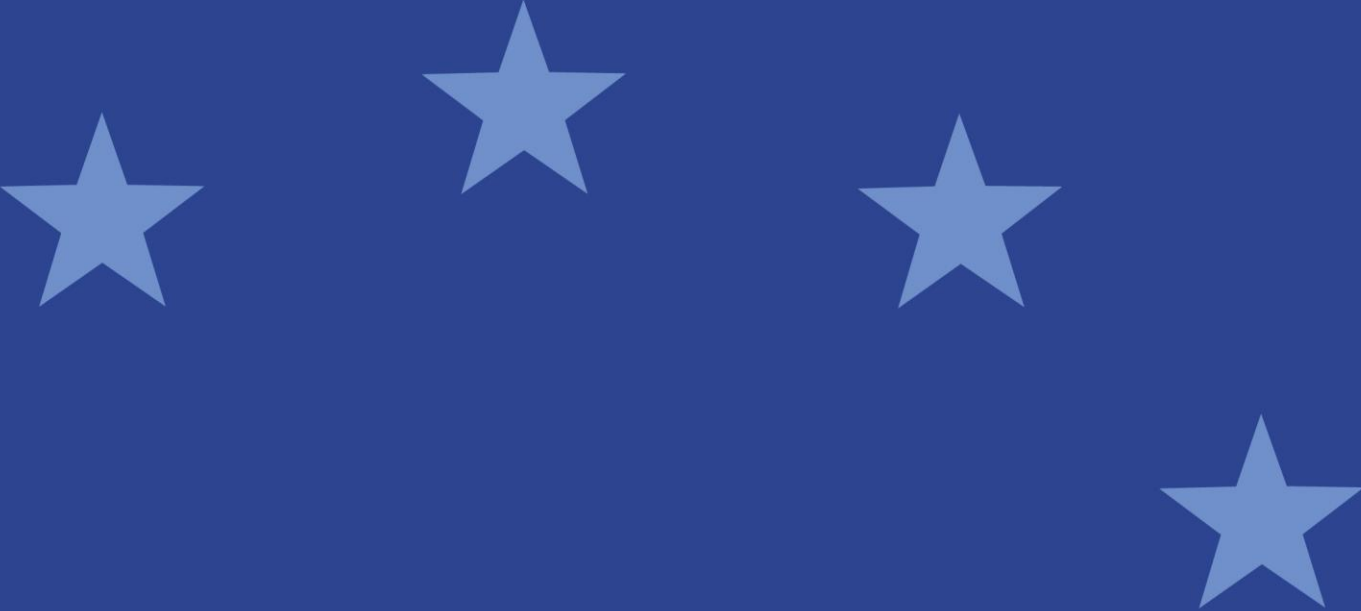


ESMA Securities and Markets Stakeholder Group

SMSG - End of Term Report 2020





Foreword

The Securities and Markets Stakeholder Group (here called the SMSG or the Group) was first established in April 2011 under ESMA's founding Regulation to help facilitate consultation with stakeholders in all areas relevant to ESMA's tasks.

The fourth mandate of the SMSG was launched in January 2019 and comes to an early end in July 2020 as a consequence of the ESA Review¹, which requires a changed composition of the SMSG.

This report signals the SMSG's concerns about the change in composition of the SMSG, indicates new trends in its functioning and summarises the work and key achievements of the Group during the fourth mandate. During the current mandate period, the Group produced 21 papers in the form of public opinions, statements, advice and own initiative reports. More details on these papers are included in this report and the papers are also available on the [SMSG section of the ESMA website](#). The End of Term Report also assesses the Group's current functioning, including the SMSG's role in advising ESMA as well as the impact of its work, and makes a number of recommendations in that respect.

We hope to have contributed in the most effective way in assisting ESMA in the further improvement of the regulation and the supervision of European financial markets.

30 June 2020

[signed]

Veerle Colaert

Chair

[signed]

Rainer Riess

Vice Chair

[signed]

Christiane Hölz

Vice Chair until 31 Dec 2019

¹ Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds, OJ L 334, 27.12.2019.

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Executive summary

This report marks the end of term of the fourth mandate period of the Securities and Markets Stakeholder Group (SMSG). It covers the period from 1 January 2019 to 30 June 2020. The SMSG wishes to share its experiences with the public with a view to full transparency and enhancing the functioning of the SMSG and the overall European System of Financial Supervision of which it is a part. The report covers three areas: (i) the role, composition and functioning the SMSG, (ii) an activity report, summarizing the work of the SMSG during this mandate period; and (iii) a self-assessment report of the role of the SMSG in ESMA's regulatory work.

The SMSG wishes to highlight the following issues.

First, the SMSG is concerned about the new composition, since the strict fixation of numbers of industry representatives on the one hand, and employee, consumer, users of financial services and SME representatives on the other hand, will give insufficient flexibility to ESMA in composing the SMSG. Moreover, the SMSG regrets the reduction of the number of academics in the group, considering the crucial role of academics, both in providing expertise and as neutral mediators facilitating common positions.

Second, the SMSG continued the evolution of the previous group to not only react on requests for input of ESMA, but to also provide advice on its own initiative if important matters come up. The SMSG has, more in particular provided ESMA with own initiative advice on the Covid 19 crisis.

Third, the SMSG has continued the practice of establishing standing working groups on important ongoing topics (e.g. MiFID, Brexit), which are ready to provide input to ESMA whenever needed.

Finally, the SMSG is of the opinion that it is important to further improve cooperation with other Stakeholder Groups, in view of the increasing number of cross-sectoral fields of regulation (PRIIPs, sustainable finance, FinTech, ...).

PART I. Role, composition and functioning of the SMSG

1. Role

a. Legislative mandate

1. The ESMA Regulation² requires establishing the Securities and Markets Stakeholder Group (SMSG) to help facilitate consultation with stakeholders in areas relevant to the tasks of ESMA. The tasks of ESMA are laid down in the ESMA Regulation. Its main objective is to protect the public interest by contributing to the short, medium and long-term stability and effectiveness of the financial system, for the Union economy, its citizens and businesses. ESMA should, more in particular, contribute to improving the functioning of the internal market, ensuring the integrity, transparency, efficiency and orderly functioning of financial markets, strengthening international supervisory coordination, preventing regulatory arbitrage and promoting equal conditions of competition, ensuring that the taking of investment and other risks are appropriately regulated and supervised, enhancing customer and investor protection, and enhancing supervisory convergence across the internal market (art. 1 (5)). This field of tasks and activities also determines the work of the SMSG. The SMSG should be consulted on ESMA's work concerning regulatory technical standards and implementing technical standards and, to the extent that these do not concern individual financial market participants, concerning guidelines and recommendations (art. 37 (1)). The SMSG may, moreover, submit advice to ESMA on any issue related to the tasks of ESMA (art. 37 (5)).

b. Developments

2. In its first years, ESMA has mainly aimed at strengthening regulation and creating a level-playing field (so-called single rulebook work). By the end of 2016, ESMA had delivered many of the key elements required for the single rulebook, in particular on the MiFID - and MAR-regime. ESMA has since then focused more and more on supervisory convergence, while the review process of some of these frameworks has also started. In addition, ESMA had to deal with new challenges, such as the UK's decision to leave the EU, the further digitalisation of financial markets, the implementation of the Sustainable Finance Action Plan, and most recently the COVID 19 outbreak and related challenges for the financial sector.

3. These developments have obviously also impacted the work of the SMSG. The SMSG considers as one of its main tasks to provide high-level advice to ESMA on the preparation of standards, proposals of delegated acts and the issuance of guidelines/recommendation. The SMSG indeed formally responded to 17 consultations from ESMA in the last term. Supporting ESMA's increasing focus on supervisory convergence, the SMSG has provided feedback on ESMA's Peer Review Work Plan for 2020-2021 and 2021-2022. In addition, the SMSG also deems it important to contribute on its own initiative, in order to bring concerns to ESMA's attention that its members deem important in view of developments in European financial markets or EU regulation. With 2 formal "own initiative" reports on the COVID 19 crisis, a joint letter to the European Commission, the

² Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331 15.12.2010), as amended.

European Parliament and the Council on the ESA Review, and oral presentations of important market developments in all our meetings with ESMA (see Part II.2 below) the SMSG has built further on this second strategic focus.

2. Composition

a. Until 31 December 2019

4. Until 31 December 2019, the ESMA Regulation required that the SMSG be composed of 30 members, representing in balanced proportions financial market participants operating in the Union, their employees' representatives as well as consumers, users of financial services and representatives of SMEs. At least five of its members had to be independent top-ranking academics. Ten of its members had to represent financial market participants. The members of the SMSG had to be appointed by the Board of Supervisors, following proposals from the relevant stakeholders. In making its decision, the Board of Supervisors had to ensure an appropriate geographical and gender balance and representation of stakeholders across the Union, to the extent possible.

5. On 31 December 2019, the SMSG was comprised of 30 members representing the relevant stakeholders and academia. For a list of members, present and past, and the category they represent see Annex 1. The members represent the following categories mentioned in Art. 37(2) ESMA Regulation, here provided in alphabetical order with the number of members in each category:

- Academics (6)
- Consumers (8)
- Financial Institution Employees (1)
- Financial Market Participants (10)
- Small and Medium Enterprises (2)
- Users of financial Services (3)

6. On 31 December 2019, 22 members (73.33 pct.) were men and 8 (26.67 pct.) were women. More information about the members are provided in Annex 1. According to the ESMA Regulation, the Board of Supervisors should, to the extent possible, ensure an appropriate geographical and gender balance and representation of stakeholders across the Union (art. 37(3)). The SMSG is of the opinion that there is still a lot of room for improvement on both accounts.

b. New composition after ESA Review

7. The ESA Review has a significant impact on the composition of the SMSG. The old article 37 of the ESMA Regulation provided that:

'The Securities and Markets Stakeholder Group shall be composed of 30 members, representing in balanced proportions financial market participants operating in the Union, their employees' representatives as well as consumers, users of financial services and representatives of SMEs. At least five of its members shall be independent top-ranking academics. Ten of its members shall represent financial market participants'.

The amended articles 37 of the ESMA Regulation provide that:

‘The Securities and Markets Stakeholder Group shall be composed of 30 members. Those members shall comprise of: (a) 13 members representing, in balanced proportions, financial market participants operating in the Union; (b) 13 members representing employees’ representatives of financial market participants operating in the Union, consumers, users of financial services and representatives of SMEs; and (c) four members who are independent top-ranking academics’.

This means not only that the number of industry representatives will now need to equal the number of employee, consumer, users of financial services and SME representatives, but also that the number of academics has decreased from ‘at least 5’ to exactly ‘4’.

8. *Impact.* The Board of Supervisors has already in the past taken care to ensure that there would be a balanced representation of industry and user-side representatives. The SMSG nevertheless regrets the strict fixation of numbers of representatives in the revised provisions on the composition of the stakeholder groups, because it will give insufficient flexibility to ESMA.

Also, the SMSG has always operated with a higher number of academics than the minimum of 5 required by the previous ESMA Regulations (the current group counts 6 academics among its members). The role of those academics is indeed important for various reasons. First, academics are able to provide expertise and background on the exact scope and content of the quickly changing regulatory framework, in a neutral and forward-looking way. Second, the academics typically take up the role of mediators in the SMSG. Even though the ESA review now explicitly allows the stakeholder group to issue minority opinions, the SMSG is of the opinion that consensual advice offers the highest value to ESMA (infra n° 19). Therefore, the SMSG is of the opinion that the reduction of the number of academics from at least 5 to exactly 4, without the possibility for ESMA to appoint more than this minimum, is highly regrettable.

9. *Joint Opinion of the Stakeholder Groups.* Together with the other Stakeholder Groups, the SMSG has therefore issued a Joint Position Paper highlighting our concerns in respect of the new composition of the stakeholder groups, which was sent not only to the ESAs, but also to the European Commission, the European Parliament and the Council. On January 24th, 2020 the SMSG received a reply from Mr John Berrigan, acting Director General of FISMA, on behalf of Executive Vice President Dombrovskis, thanking the Stakeholder Groups for the Joint Opinion, indicating that the amendments referred to were no part of the original Commission Proposal, and referring to the fact that the Commission will assess the ESAs’ framework in the next evaluation foreseen for 2022. On March 20th, the SMSG received a reply from Mr Othmar Karas, vice-president of the European Parliament and co-rapporteur for the European Parliament of the ESA-Review, indicating that the Position Paper would be fully taken into account when the European Parliament will engage in further discussions on the founding regulations of the ESAs and inviting the Stakeholder Groups to continue to inform the European Parliament on our experience and the practical consequences of the changes of the recent review on the work of the Stakeholder Groups.

3. Functioning

10. The SMSG has adopted amended Rules of Procedure during the first meeting of this mandate (see annex II). In this section we will give an overview of the way in which the SMSG functions in practice.

a. Steering Committee

11. According to the SMSG Rules of Procedure, the SMSG appoints a chair and up to two vice-chairs at the beginning of its mandate period. Together, they constitute the Steering Committee that oversees the work of the SMSG, prepares the agenda for meetings, leads the SMSG meetings, and generally acts as the interface between the SMSG and ESMA.

12. The SMSG appointed Veerle Colaert (Academic) as chair and Christiane Hölz (Users of Financial Services) and Rainer Riess (Financial Market Participant) as vice-chairs. The mandate of Christiane Hölz ended on 31 December 2019. In view of the fact that the SMSG would be dissolved and recomposed in early 2020 no new vice-chair representing users of financial services was officially elected. The chair has, however, expressly sought the views of user representatives when preparing the agenda for the 2020 meetings, and made sure that representatives of users of financial services/consumers were represented in new working groups.

13. The SMSG considers it has proven beneficial to have an academic chairing the group with two vice chairs representing the industry and the users, to reflect diverse backgrounds in the Steering Committee.

b. Working Groups

14. In order to efficiently prepare its written reports, and in view of the frequency of consultations and sometimes short deadlines, SMSG reports are usually prepared in working groups, which appoint a rapporteur.

15. Every working group is composed of members volunteering to participate. The chair, however, ensures that if the issues at stake are relevant for different interest groups, all interest groups are adequately represented in a Working Group. Working groups typically hold their meetings via conference calls.

16. There are two types of Working Groups. Ad hoc Working Groups are composed to deal with specific consultations, requests for advice, or own initiative issues. For important ongoing topics, however, the SMSG has composed standing Working Groups (e.g. MiFID, Brexit), which convene via conference call on a more regular basis and are ready to provide input to ESMA whenever needed.

c. Adoption of reports – striving for consensus

17. Once a Working Group has reached agreement on a draft, the draft report is sent to the full group. Ideally the draft is discussed with the full group at the next SMSG meeting, and adopted, if need may be, after amendments.

18. However, with sometimes very tight deadlines for responses to consultations, it is often not possible to wait for the next meeting to discuss and adopt a report. The Steering Committee then

decides to send the draft report to the full group for adoption in written procedure. However, this kind of communication cannot replace the value and outcome of physical meetings, which allows for a much deeper and detailed discussion. It is therefore unfortunate that the majority of responses has had to be adopted in written procedure during this mandate of the SMSG, due to short deadlines. The SMSG is of the opinion that this a regrettable evolution, and that consultation periods should be sufficiently long to allow all stakeholders to provide their input to come to a common SMSG advice. On certain occasions it proved impossible to provide a joint position due to very short deadlines and ESMA asked for individual responses from SMSG members instead. The SMSG is, however, of the opinion that this way of working may result in more unbalanced, narrowly-focused input, and dilutes the consensus-building value of the SMSG.

19. The SMSG believes that its advice is most valuable to ESMA where it reflects a consensus of the different constituencies it represents. During its consultations, as well as via other formal and informal channels, ESMA receives a lot of one-sided input from market participants and interest groups directly. The added value and strength of the SMSG, therefore, lies in its ability to overcome discord and to find meaningful common positions. As in previous mandates, this SMSG's work has been founded on the belief that consensual advice offers the highest value to ESMA. The SMSG Rules of Procedure therefore stipulate that the Group, as far as possible, shall take decisions by consensus. Only if after discussion and mediation different opinions prevail, minority opinions can be included in the SMSG advice, provided that a divergent opinion is supported by at least three members.

d. Meetings

20. According to the ESMA Regulation, the SMSG shall meet at least four times a year. However, the Group has deemed it appropriate to have five annual meetings and recommends to maintaining this number of meetings, evenly spread over the year.

21. The meetings take place at ESMA's premises in Paris. Due to the Covid 19 crisis, the last meeting of the SMSG, on May 5th 2020, was a virtual meeting via Skype for Business. This worked reasonably well, even though this format is clearly less efficient than a real-life meeting. With two sessions of 2 hours, there was much less time than usual to discuss all relevant themes. The SMSG therefore recommends to use virtual meetings only if absolutely necessary for health reasons or due to travel restrictions.

22. Non-industry not for profit members of the SMSG receive a set reimbursement for participation in the meetings held in Paris, which covers transport (economy) and accommodation and an allowance as well as a compensation per meeting including preparatory work. The SMSG believes that current compensation levels are not adequate. The SMSG welcomes the recent decision to increase compensation levels, which improves, but does not solve the issue. It recommends, therefore, to bring the compensation level in line with current practices of EU organizations when hiring experts.

23. The goal of the meetings is (i) to exchange views between the SMSG and ESMA, (ii) to discuss topics on which the SMSG may want to provide advice to ESMA and, if the case may be, compose working groups, and (iii) to discuss and adopt draft reports to ESMA. ESMA is keen to hear SMSG Presentations on Recent Market Developments and areas in need of supervisory convergence,

while the SMSG much appreciates ESMA's presentations on upcoming consultations, which serve as a basis for further discussion.

24. Twice a year the SMSG meetings are extended over two days, in order to allow for a joint meeting between the SMSG and the ESMA Board of Supervisors, before or after the regular SMSG meeting. At the joint meeting, the SMSG discusses key issues directly with members of the Board. The SMSG has developed the tradition to hold a preparatory SMSG-only meeting (without ESMA staff) before a meeting with the Board of Supervisors to allow for a detailed preparation and recommends to maintain this practice in the future.

25. Certain reactions in the End of Term Survey (see Part III) point out that during meetings equal speaking time should be given to the user side on the one hand and industry participants on the other hand. Other reactions on the contrary find that a narrative that the SMSG is composed of "industry" on the one part, and "investors" on the other is not correct and devalues the diversity of experience and added-value of stakeholders generally, including sometimes opposing opinions between market participants. The SMSG is of the opinion that this discussion should be cleared out at the start of the next SMSG.

26. The SMSG highly values the opportunity to discuss its draft reports with ESMA's Chair, Executive Director and staff members working on particular themes, who are always present at the SMSG meetings. The SMSG welcomes this as expressions of ESMA's the strong commitment to the SMSGs work.

27. While all SMSG reports are published on ESMA's website, and the relevant SMSG reports are always attached to the final version of ESMA's guidelines, in previous mandates of the SMSG it was not always clear how ESMA had dealt with its advice, and especially its own initiative advice. During the current mandate, ESMA has introduced the habit of (i) explicitly referring to SMSG advice in its feedback statements, where relevant, and (ii) giving oral feedback on all SMSG reports during the SMSG meetings. The group highly values this feedback, which makes the SMSG's work all the more relevant and visible. The End of Term Survey (see Part III) indeed showed a significant improvement in the level of satisfaction of SMSG members in respect of the feedback provided by ESMA staff. Nevertheless certain Members have indicated that more systematic feedback on how ESMA took SMSG advice into account (which suggestions were taken into account / adopted and which were not (and why)) would allow the SMSG to understand even better how valuable its comments are and to orientate its activity in such a way to make SMSG contributions even more valuable to ESMA.

e. Cooperation with ESMA and with other Stakeholder Groups/user groups in the financial services area

28. The SMSG highly values its relationship with ESMA and its staff. As stated above, the participation of ESMA's Chair and its Executive Director as well as its staff in our meetings shows a genuine interest in our advice. As requested at the end of the previous SMSG mandate, ESMA has now also shared information in respect of ESMA's direct supervisory duties and has systematically given feedback to the SMSG on issues on which the SMSG has provided comments.

29. As an area for further improvement, as also suggested in the End-of-Term Report of the previous SMSG mandate, an earlier involvement of the SMSG in ESMA's consultation process would benefit the efficient functioning of the SMSG. The SMSG as an internal body of ESMA is bound by confidentiality and thus could be formally involved even before a public consultation process is being launched. This would enable the group to discuss more of its advice papers also in physical meetings. Such an early involvement is particularly important in regard of consultations from the joint committee of the ESAs. The SMSG is of the opinion that a coordinated response of all ESAs' Stakeholder Groups would have an important added value. Reaching consensus between our stakeholder groups is, however, very time-consuming, and has not proven possible in respect of the joint consultation on PRIIPs which was held during the current mandate. An early involvement of the Stakeholder Group in the consultation plans of the joint committee of the ESA's could be part of the solution.

30. During its current mandate, the SMSG did cooperate with the other Stakeholder Groups on one occasion, in order to issue a joint position in respect of the shortcomings of the ESA Review as regards the composition of the Stakeholder Groups. In order to allow for a smoother cooperation in the future, it would be very helpful if the email-addresses and telephone numbers of the chairs and vice-chairs of all Stakeholder Groups would be communicated to the Steering Committees of all Stakeholder Groups. The SMSG recommends that during its next mandate, the SMSG actively pursues possibilities for increased cooperation. The Steering Committee could seek contact with the Steering Committees of other Stakeholder Groups, to share the agendas of the Stakeholder Groups between themselves and promote transparency between the groups regarding the issues being discussed and considered, which could help to facilitate joint work on areas of common interest.

31. Finally, the SMSG still sees room for improvement regarding the fulfilment of its legally required mandate to work as an interface with other user groups in the financial services area established by the Commission or by Union legislation (recital 48 of ESMA Regulation). The SMSG recommends that the next Steering Committee, after consultation with the group, actively identifies areas where cooperation/exchange could be of interest for ESMA and seeks to establish contact with other the Steering Committees of the other Stakeholder Groups.

32. ESMA's work is supported by Standing Committees who have consultative working groups (CWGs) made up of external stakeholder representatives. Members of CWGs are expected to provide technical assistance to the Standing Committees in relation to all aspects of their work. The SMSG has requested from ESMA that the interaction between the CWGs and the SMSG be improved. This would allow an earlier involvement of the SMSG in the single rulebook work to fulfil its tasks. ESMA has agreed to share with the SMSG both meeting calendars and agendas of individual CWGs meetings (ESMA Note 20 September 2017, ESMA22-106-362). However, ESMA has not established a mechanism yet which ensures timely access of the SMSG to the relevant information. The SMSG therefore suggest that the process be improved. A review of best-practices for stakeholder engagement at the NCA level, as well as in certain third-countries, could help to define a roadmap toward best-in-class stakeholder governance.

f. Secretariat and administrative support

33. According to Art. 37(4) ESMA Regulation, ESMA shall ensure adequate secretarial support. Since the establishment of the SMSG, ESMA has assigned one person, Jacob Lönnqvist, to act as secretary and provide administrative support, next to his other work at ESMA. The SMSG is grateful for the smooth cooperation with Mr Lönnqvist and for his valuable support to the group.

PART II. ACTIVITY REPORT

1. SMSG Advice Papers, Statements and Letters

- End of Term Report, 29 June 2020, [ESMA Reference to be attributed] (rapporteurs: Veerle Colaert, Rainer Riess and Christiane Hölz);
- Own initiative report II on Measures relating to the Covid 19 Crisis, 29 June 2020, [ESMA Reference to be attributed] (rapporteur: Rainer Riess);
- SMSG Advice to ESMA on its 2021-22 Peer Review Work Plan, 8 June 2020, [ESMA Reference to be attributed] (rapporteur: Veerle Colaert);
- [SMSG response to the Consultation Paper on Draft technical standards on the provision of investment services and activities in the Union by Third-country firms under MiFID II and MiFIR](#), 28 April 2020, ESMA 22-106-2365 (rapporteurs: Ignacio Santillan and Kerstin Hermansson);
- [Own initiative report on Measures relating to the Covid 19 Crisis](#), 20 March 2020, ESMA22-106-2149 (rapporteur: Veerle Colaert);
- [Response to ESMA's Consultation Paper concerning MiFIR report on Systematic Internaliser](#), 23 March 2020, ESMA 22-106-2355 (rapporteur: Kerstin Hermansson);
- [Response to ESMA's Consultation Paper concerning MiFIR transparency regime for equity](#), 23 March 2020, ESMA22-106-2354 (rapporteur: Kerstin Hermansson);
- [Response to the ESAs Joint Consultation Paper concerning amendments to the PRIIPs KID](#), 13 January 2020, ESMA22-106-2077 (rapporteur: Giovanni Petrella);
- [Joint Position Paper on the ESA Review](#), 4 December 2019, ESMA20-06-2053 (rapporteur: Veerle Colaert);
- [Advice to ESMA on its Consultation Paper on the Market Abuse Regulation Review Report](#)', 4 December 2019, ESMA22-106-2044 (rapporteur: Piotr Biernacki);
- [Advice to ESMA on its Consultation Paper on Guidelines on Performance fees in UCITS](#)', 14 November 2019, ESMA22-106-2008 (rapporteurs: Adina Gurau Audibert and Giovanni Petrella);
- [Advice to ESMA on its Call for Evidence on Product Intervention](#)', 15 November 2019 (rapporteur: Veerle Colaert);
- [Advice to ESMA on Consultation Paper on the MiFID II compliance function](#)', 6 November 2019 (rapporteur Vincenzo Troiano);
- [SMSG Opinion on ESMA's Report on performance fees and costs of retail investment products](#)', 28 October 2019 (rapporteur: Giovanni Petrella);

- [Advice to ESMA on ESMA's Consultation on Prospectus Disclosure Requirements](#)', 28 October 2019 (rapporteur: Blanaid Clarke);
- [SMSG Response to ESMA's Consultation on cost of market data and consolidated tape](#)', 18 September 2019 (rapporteurs Kerstin Hermansson and Rainer Riess);
- [Response to ESMA's Call for Evidence on Short-termism](#)', 6 September 2019 (rapporteur: Michael Nietsch);
- [Advice to ESMA on its Consultation on Guidelines on Disclosure Requirements Applicable to Ratings](#)', 1 April 2019 (rapporteur Jean-Marc Servat);
- [Advice to ESMA on its mandate for a Peer Review into the collection and use of STORs](#)', 1 April 2019 (rapporteur Andreas Gustafsson);
- [SMSG advice on draft RTS amending the PRIIPs Delegated Regulation](#)', 25 March 2019 (rapporteur Christiane Hölz);
- [Advice to ESMA on its Consultation Paper on the integration of sustainability risks and factors in MiFID, the UCITS Directive and AIFMD](#)', 26 February 2019; (rapporteur Nathalie Gay-Guggenheim).

2. SMSG Presentations on Recent Market Developments and Supervisory Convergence

SMSG meetings typically start with discussions on recent market developments and supervisory convergence. Such discussions have the purpose for the SMSG to highlight to and exchange views with ESMA on topics of general interest in the securities markets and related areas.

Topics discussed in the 3rd mandate period include:

Meeting of 11 April 2019:

- Presentation by Blanaid Clarke on the UK's withdrawal from the EU
- Presentation by Christiane Hölz of a study on investor protection aspects of MiFID II
- Presentation by Alexander Schindler on MiFID II implementation

Meeting of 11-12 July 2019:

- Presentation by Guillaume Prache of study on Securities lending
- Presentations by Rainer Riess and Kerstin Hermansson of two studies on Price formation
- Presentation by Michael Nietsch on Sustainable finance

Meeting of 3 October 2019:

- Presentation from Kerstin Hermansson, Andreas Gustafsson and Sari Lourasmeri on Market Developments in the Nordic Securities Markets

Meeting of 4-5 December 2019:

- Presentation from Adina Gurau Audibert on fund liquidity
- Presentation from Nathalie Gay Guggenheim on Ibor transition and risk free rates

Meeting of 5 February 2020:

- Presentation from Andreas Gustafsson on AI and Cloud developments.
- Presentation from Jasper de Meyer of the results of a study on inducements.

Meeting of 6 May 2020:

- Several SMSG members made presentations on actions needed in the light of the Covid+19 pandemic

PART III. SMSG SELF-ASSESSMENT

1. Survey

34. In May 2020, SMSG members were invited to respond to an end-of-term survey to understand their views on different areas of the SMSG’s activities and performance. SMSG members rated the following areas: working methods; working relations with ESMA; independence, composition and transparency; quality of advice; visibility, public impact, effectiveness and timeliness of SMSG reports.

35. The survey included questions to be answered with an ordinal rating, questions to be answered on the basis of the members expectations, and open-ended comments.

36. SMSG members appear to be overall satisfied of the SMSG’s activities and performance with an average rating between “satisfied” and “more than satisfied”. The responses to the 2020 survey show an overall improvement of the satisfaction level for SMSG members in comparison to the 2018 survey³. A statistical test was performed in order to assess whether a difference exists between the average ratings of the 2018 and 2020 surveys. The test results showed a significant improvement for the following questions:

- ability to influence the ESMA agenda, moving from 2.3 to 2.9;
- feedback from ESMA staff, moving from 3.0 to 3.6;
- quality of the SMSG reports, moving from 3.5 to 4.0;
- website, moving from 2.7 to 3.4;
- timeliness of publication of advises, moving from 3.2 to 3.9.

The answers based on expectations showed that an overall positive sentiment of the SMSG members: “more than expected” and “as expected”, taken together, represent by far the largest number of responses.

³ SMSG members were requested to express their opinion from unsatisfied (ordinal score 1) to extremely satisfied (ordinal score 5). We converted qualitative rating in numerical grades based on a linearity assumption: unsatisfied=1, partly satisfied=2, satisfied=3, more than satisfied=4, extremely satisfied=5.

2. Key messages from SMSG Members

37. SMSG members provided many insightful remarks and suggestions in the open-ended comments section of the survey. Such remarks and suggestions can form the basis for further discussion in order to improve the contribution of the SMSG.

38. We present below the key messages arising from the open-ended comments.

- The topics discussed in the SMSG often deal with very specific issues. Given the composition of the SMSG, certain members suggested that it would be beneficial to have also more high-level discussions on new and emerging issues that are relevant for the future of European financial markets.
- The topics discussed in the SMSG are sometimes highly technical. Certain members suggested to include a general introduction into presentations to provide the framework within which the in-depth analysis fits. This would be especially useful for those members who were not part of the working group and would facilitate a broader participation in the discussions.
- The SMSG activity tends to be seasonal as there is a limited number of meetings, not always evenly-spaced during the year. This may undermine the efficiency and effectiveness of the SMSG activity. Certain members suggested to consider more frequent, evenly-spaced, also shorter meetings (e.g., a remote shorter meeting followed by an in-person longer meeting). Similarly, some members suggested it would be beneficial to have more common sessions with the Board of Supervisors.
- ESMA is very co-operative and open to SMSG participants, which is very important to build strong relationships between ESMA and the different stakeholders. Certain members point out that the involvement of the SMSG in the discussions on certain topics is sometimes too late in the process. They suggest to set up discussions with the SMSG at an earlier stage of the process (even before a draft consultation paper is finalized), where possible.
- Receiving feedback from ESMA was mentioned as being very important for the SMSG. ESMA feedbacks would enable the SMSG to understand how valuable its comments are and to orientate its activity in such a way to make SMSG contributions even more valuable to ESMA.
- The composition of the SMSG is broadly satisfactory, with a good balance of interests and competencies. The loss of some academics in the context of the ESA review was mentioned as unfortunate, because these participants typically provide balance and an outside perspective, and are generally the most productive rapporteurs for Stakeholder opinions.
- The SMSG intends to support ESMA by representing the point of views of different stakeholders. The SMSG advices are the result of intense activity and interactions among SMSG members. Different point of views may arise in the discussions within the SMSG. Certain members point out that it has become more difficult to agree on common positions during the preparation of the SMSG reports and that SMSG members should probably have a more constructive approach and try to reach – when possible – meaningful compromises. As for the organization of the meetings, certain members suggested to balance the speaking times allocated to the user side and the financial intermediaries side. Other members find that a narrative

that the SMSG is composed of "industry" on the one part, and "investors" on the other is not correct and devalues the diversity of experience and added-value of stakeholders generally, including sometimes opposing opinions between market participants.

Annex I – SMSG Members and categories



The SMSG at its first meeting in 2019 after appointment, together with ESMA Chair Steven Maijor and ESMA Executive Director Verena Ross in front of ESMA's previous premises in 103 rue de Grenelle, Paris, France

Back row from left: Geoffrey Bezzina, Nathalie Gay-Guggenheim, Santeri Suominen, Octavio Viana, Andreas Gustafsson, Jean-Marc Servat, Vincenzo Troiano, Rainer Lenz, Sari Lounasmeri, Piotr Biernacki, Troels Hauer Holmberg, Guillaume Prache, Alexander Schindler, Christos Alexakis, Martin Scheck, Giovanni Petrella, Jasper De Mayer, Ignacio Santillan, Juan Viver, Eric Litvack.

Front row from left: Martha Oberndorfer, Adina Gurau Audibert, Rainer Riess (SMSG Vice-Chair), Verena Ross, (ESMA Executive Director), Steven Maijor, (ESMA Chair), Veerle Colaert (SMSG Chair), Christiane Hölz (SMSG Vice-Chair), Kerstin Hermansson, Blanaid Clarke.

Missing from the picture: Paul Koster, Jan Kust.

Members	Representing	Appointment ^{*)}
Christos Alexakis	Academics	1 January 2019 II
Geoffrey Bezzina	Consumers	1 Mars 2018 I
Piotr Biernacki	SME	1 January 2019 I
Blanaid Clarke **	Academics	1 January 2018 I
Veerle Colaert	Academics	1 January 2019 II
Jasper De Meyer	Consumers	1 January 2019 I
Nathalie Gay Guggenheim	Financial Market Participants	1 January 2019 I
Adina Gurau Audibert	Financial Market Participants	1 January 2019 I
Andreas Gustafsson	Financial Market Participants	1 June 2018 I
Kerstin Hermansson	Financial Market Participants	1 January 2019 II

Troels Hauer Holmberg **	Consumers	1 January 2019 I
Christiane Hölz **	Users of financial services	1 July 2017 II
Paul Koster	Consumers	1 January 2019 II
Jan Kust	Employees	1 January 2019 I
Rainer Lenz **	Users of Financial Services	1 July 2017 I
Eric Litvack	Financial Market Participants	1 January 2019 II
Sari Lounasmeri	Users of financial services	1 January 2019 I
Michael Nietsch	Academics	1 January 2019 I
Martha Oberndorfer	Consumers	1 January 2019 I
Giovanni Petrella	Academics	1 January 2019 II
Guillaume Prache	Consumers	1 January 2019 I
Rainer Riess	Financial Market Participants	1 January 2019 II
Ignacio Santillan	Financial Market Participants	1 January 2019 II
Martin Scheck	Financial Market Participants	1 January 2019 I
Alexander Schindler	Financial Market Participants	1 January 2019 I
Jean-Marc Servat	Financial Market Participants	1 January 2019 II
Santeri Suominen	SME	1 January 2019 I
Vincenzo Troiano	Academics	1 January 2019 I
Octávio Viana	Consumers	1 January 2019 I
Juan Viver	Consumers	1 Mars 2018 I

*) Roman number marks appointment (I) or reappointment (II).

***) Blanaid Clarke left the group in early 2020.

Troels Hauer Holmberg left the group in May 2019.

Jan Kust left the group end 2019.

Christiane Hölz and Rainer Lenz left the group when their mandates ran out end 2019.

Morten Bruun Pedersen was appointed to the group on 1 July 2019.

Annex II – Rules of Procedure

Rules of Procedure (version adopted on 11 April 2020)

DECISION OF THE SECURITIES AND MARKETS STAKEHOLDER GROUP

Rules of Procedure

The Securities and Markets Stakeholder Group

Having regard to Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (the European Securities and Market's Authority) amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC⁴ (the 'Regulation' and 'Authority'), in particular Article 37 of the Regulation

Whereas:

- (1) Article 37(1) of the Regulation provides that the Group's role is, to 'help facilitate consultation with stakeholders in the areas relevant to the tasks of the Authority'. More in particular, Article 37(1) provides that the Group 'shall be consulted on actions taken in accordance with Articles 10 to 15 concerning regulatory technical standards and implementing technical standards and, to the extent that these do not concern individual financial institutions, Article 16 concerning guidelines and recommendations. Such facilitation of consultation implies the Group being asked to give its advice in advance of the issue of any such consultation by the Authority.
- (2) Article 37(5) provides that the Group 'may submit opinions and advice to the Authority on any issue related to the tasks of the Authority, with particular focus on the tasks set out in Articles 10 to 16 and Articles 29, 30 and 32', where the latter refer to common supervisory culture, peer reviews of competent authorities and assessment of market developments.
- (3) Article 17(2) of the Regulation provides that the Group may submit a request to the Authority, as appropriate, to investigate the alleged breach or non-application of Union law.
- (4) The Authority's working language is English and it is therefore advisable that the Group has the same working language.
- (5) Group members may be on occasion privy to documents and information which are not yet public and are therefore confidential in nature. The Members firmly undertake not to disclose this information to any individuals outside the Group.

⁴ OJ L331, 15.12.2010, p. 12.

HAS ADOPTED THE FOLLOWING RULES OF PROCEDURE:

Article 1 – Membership appointment and mandates

- (1) The appointment of the Group members is made by the Board of Supervisors in accordance with Article 37(3) of the Regulation.
- (2) Group members serve in a personal capacity in accordance with their appointment under Article 37.
- (3) According to Article 37(4) of the Regulation, Group members shall serve for a period of two and a half years, following which a new selection shall take place.
- (4) Members may serve two successive terms.
- (5) Should a member's position be vacated for whatever reason before the end of their term, a new member shall be appointed out of the list of alternates adopted by the Authority at the latest call for expression of interest for setting up the Group.

Article 2 – Chairperson and Vice-Chairperson

- (1) The Group shall be chaired, in a personal capacity, by one of the Group members. The Group shall elect a Chairperson and one or two Vice-Chairperson(s) during its first meeting or at the beginning of the second meeting. The number of elected Vice-Chairpersons can be increased to three if considered necessary by the Group members, in order to ensure continuity. The election of the Chairperson and Vice-Chairperson shall be preceded by and based on a nomination procedure. Any member of the Group may nominate him- or herself or any other member of the Group.
- (2) The Chairperson shall be chosen by consensus. If consensus cannot be achieved the Chairperson shall be elected in a secret ballot by a simple majority of the Group members present at the time of the election. If no simple majority is achieved in the first round, a second round of voting shall be held between the two candidates who received the highest number of votes in the first round. The Chairperson shall serve for the remainder of his or her current term as a Group member.
- (3) The Chairperson shall:
 - (a) chair the meetings of the Group;
 - (b) with the Vice-Chairperson(s), co-ordinate the agenda for the meetings of the Group with the Authority and the members of the Group;
 - (c) provide the agreed output of the Group to the Authority's Board of Supervisors; and
 - (d) make public statements on behalf of the Group on the basis of formally agreed positions.
- (4) To assist the Chairperson, the Group shall also elect one or two Vice-Chairperson(s), in a personal capacity, from among its members following the same procedure used to elect the Chairperson and, where possible, at the same meeting. Where there is a tie between two candidates, the Group may agree to appoint both candidates as Vice-Chairpersons. The Vice-Chairperson (or one of the Vice-Chairpersons) shall replace and represent the Chairperson in case of absence or impediment. If the Chairperson and the Vice-Chairperson (or both Vice-Chairpersons) are absent the meeting shall be

chaired by a member of the Group nominated by the Chairperson and Vice-Chairperson(s). The nomination shall be communicated to the Group seven days in advance of the meeting where possible.

- (5) The Chairperson or a Vice-Chairperson may be removed from office on a decision adopted by two-thirds of the members of the whole Group.
- (6) If the position of Chairperson or Vice-Chairperson is vacant, whether due to removal from office or otherwise, an election shall be held as soon as possible to appoint a new Chairperson or Vice-Chairperson under the procedure set out in this Article. Where two Vice-Chairpersons have been appointed, the position of Vice-Chairperson is not vacant if one Vice-Chairperson remains in position.

Article 3 – Convening and location of meetings

- (1) Meetings of the Group shall be convened by the Chairperson. The Group shall meet at least four times a year in accordance with Article 37(1) of the Regulation in the form and according to the timetable determined in agreement with the Authority. The Group shall meet with the Board of Supervisors regularly, at least twice a year, in accordance with Article 40(2) of the Regulation. Additional meetings of the Group may be convened depending on the calendar of ESMA's regulatory output and related consultation procedures.
- (2) The Group meetings shall in principle be held at the Authority's premises. However, whenever there is an objective need and upon request of the Group and agreement with the Authority, one meeting per year may exceptionally be held in another location that is convenient to all members of the Group. Each member can attend the meeting in conference call twice a year, and additionally with the agreement of the Chairperson.
- (3) In order for the Group to convene and make decisions, there shall be a quorum of two-thirds of its members. If the quorum is not met, decisions may be taken without quorum on a preliminary basis subject to subsequent approval by written procedure.

Article 4 – Agenda

- (1) The Chairperson of the Group shall draw up the agenda following a consultation with the members of the Group and the Authority. The Chairperson will announce at the beginning of the meeting the items that were suggested by the members of the Group but were not scheduled for discussion.
- (2) The agenda and the supporting documents shall be circulated to the Group by its secretariat 10 days in advance of each meeting. New items may only be added to the agenda in the light of new developments at the start of a meeting if there is consensus from members present.
- (3) A yearly work plan linked to the Authority's work plan shall be adopted each year by the Group and kept under regular review by the Group. Dates as well as some more strategic key topics for meetings of the next calendar year shall be agreed upon in the autumn.

Article 5 – Secretariat support and Group documents

- (1) The Authority shall ensure adequate secretariat support for the activities of the Group, its Chairperson and Vice-Chairperson(s).

- (2) The Authority shall send drafts on which the Group is consulted and all other working documents to the Group members at the earliest opportunity and no later than one week in advance of the date of the meeting.
- (3) In urgent or exceptional cases, the time limits for sending the documentation may be reduced to three working days of the Authority in advance of the date of the meeting.
- (4) The Authority shall organise meeting facilities, circulate meeting agendas, background materials and minutes, provide technical coordination for the preparation of opinions, advice or any other input the Group may wish to provide to the Authority and arrange the reimbursement of travel expenses.

Article 6 – Role of the Group

- (1) The role of the Group is to help facilitate the Authority's consultation with stakeholders in areas relevant to the tasks of the Authority. In carrying out its role the Group:
 - (a) expects to receive from the Authority, and discuss with it, information on issues relevant to the Group's role sufficiently early as to enable the Group to carry out its role most effectively;
 - (b) shall be consulted by the Authority on actions taken in accordance with Articles 10 to 15 of the Regulation concerning regulatory technical standards and implementing technical standards; and
 - (c) shall be consulted by the Authority on actions taken in accordance with Article 16 of the Regulation concerning guidelines and recommendations to the extent that these do not concern individual financial market participants.
- (2) The Group may also:
 - (a) submit opinions and advice to the Authority on any issue related to the tasks of the Authority with particular focus on the tasks set out in Articles 10 to 16 (regulatory technical standards, implementing technical standards, and guidelines and recommendations), 29 (common supervisory culture), 30 (peer reviews of competent authorities) and 32 (assessment of market developments) of the Regulation; and
 - (b) request the Authority to investigate an alleged breach or non-application of Union law within the scope of Article 17 of the Regulation.
- (3) Where the Group issues opinions or advice at the request of the Authority, the Group shall deliver its opinions or advice within the deadline requested by the Authority. The Authority shall ensure that the Group has sufficient time to agree and deliver its opinion or advice. Where the Group issues opinions or advice on its own initiative, it shall liaise with the Authority. At the request of the SMSG, ESMA will endeavour to give oral feedback on the opinions or advice issued by the SMSG at the next SMSG meeting. Moreover, ESMA shall in its feedback statement reflect and comment on the advice given by the SMSG.

Article 7 – Decision-making

- (1) As far as possible, the Group shall take decisions by consensus.
- (2) In the event that a consensus has not been reached and decisions are put to a vote, agreement among two-third of the members present shall be required except in relation to elections for the Chairperson or Vice-Chairperson which shall follow the procedure set out in Article 2.
- (3) In exceptional circumstances where it has not been possible to reach consensus and three or more members present consider that their views are not adequately reflected in an opinion to be issued by the Group, those members are entitled to include a minority opinion in the Group's opinion. Such a minority opinion may state the names of the members whose views it reflects.

Article 8 – Written procedure

- (1) If necessary, the Group and any Working Group may adopt its decisions through use of written procedure. To this end, the Authority shall be responsible for the distribution to the Group members of drafts on which the Group is being consulted and/or any other working documents.
- (2) The written procedure is to be initiated by the Chairperson of the Group or by the rapporteur of any working group upon a request on the part of at least 50% of the members of the Group or working group or on his/her own initiative.
- (3) The written procedure shall specify the date by which Members shall provide their views or votes which shall not normally be less than ten days after the launch of the written procedure. Votes on decisions taken by written procedure shall be in written form and a failure to vote shall be considered a vote for the proposal.
- (4) However, if one-third of Group members ask for the question to be examined at a meeting of the Group, the written procedure shall be suspended and the question shall be added to the agenda of the next meeting of the Group or on the agenda of an extra-ordinary meeting to be organised according to the urgency of the issue.

Article 9 – Working language

The working language of the Group shall be English.

Article 10 – Working groups

- (1) In agreement with the Authority, the Group may establish working groups, from among its members, to examine specific issues related to the discharge of the Group's tasks.
- (2) Working groups shall be dissolved as soon as their tasks are fulfilled. Working groups shall appoint a rapporteur who will coordinate the activity of the working group and chair its meetings in a fair and inclusive manner.
- (3) The Group shall decide on the mandate, composition and duration of each working group. These working groups shall report to the Group. The composition of these groups should reflect, where possible, a balance of the Group's constituencies.

- (4) Working Groups shall aim to provide a report to the Group that can form the basis for a decision to be taken by the Group. Reports shall therefore reflect views discussed in the working group, including minority views, in a way that is designed to achieve consensus in the Group. Working groups shall therefore work on the basis of consensus. In the event consensus is not reached, the working group shall adopt its report on the agreement of two-thirds of its members present.
- (5) Working group meetings shall be held at the Authority premises or such other location as is agreed by the members of the working group and the Authority or via conference call.
- (6) Working groups may in its work interact with ESMA Staff.

Article 11 – Attendance and duties of Group Members

- (1) The Chairperson and the Executive Director of the Authority is invited to attend the meetings of the Group and can ask the Vice-Chairperson and/or members of the Authority’s Management Board and/or the Chairpersons of the relevant Standing Committees and working groups of the Authority and/or members of the Authority’s staff to join specific meetings.
- (2) The European Commission may also be invited to attend the meetings of the Group.
- (3) At each meeting, the secretariat shall draw up an attendance list.
- (4) Members are expected to attend and actively participate in the meetings of the Group.
- (5) Members are expected to actively contribute to the work undertaken by the Group and to undertake any other duties decided on an *ad hoc* basis by the Group.
- (6) Failure to attend three meetings of the Group in a twelve month period shall be deemed a failure to perform the member’s duties. In such a case, upon consultation with the Group Chairperson, the Authority may ask the Board of Supervisors to vacate the current position and to select a new Group member.

Article 12 –Conflicts of interest

- (1) At the start of each meeting, any member whose participation in the Group’s or a working group’s deliberations would raise a conflict of interest on a specific item on the agenda, other than the fact of their current positions with organisations, shall inform the Chairperson or rapporteur and disclose the conflict to the Group or working group in a transparent manner. That member may continue to participate in the discussion but shall not have the right to-vote on such items. In the event that the Chairperson’s participation in a specific item on the agenda would raise a conflict of interest, the Chairperson shall inform the Group and the discussion of that item shall be managed by the Vice-Chairperson (or one of the Vice-Chairpersons).
- (2) Members’ conflicts of interest will be duly noted in any report or opinion published by the Group or any of its working groups.

Article 13 – External Guests

- (1) Exceptionally, the Chairperson or a rapporteur may invite an external party to give testimony on a specific subject for consideration by the Group or working group as input. A suggestion to invite an

external party can be made by any member and shall be approved by a simple majority of all members following consultation with the Authority. Once the external guest has been approved, the Chairperson or rapporteur shall inform the members no later than at the same time as the agenda is circulated and ask the members if any other point of view should be heard at the same meeting.

- (2) The external guest will only be asked to participate in the part of the meeting directly related to her/his testimony and will be bound by the same rules on confidentiality regarding the session as set out in these Rules.

Article 14 – Summaries of conclusions

- (1) Summaries of the discussion and conclusions on each point on the agenda shall be drafted by the Authority and circulated to the Group following approval by the Chairperson.
- (2) Summaries of conclusions of previous meetings shall be adopted by the Group by written procedure or at meetings.

Article 15 – Information and confidentiality

- (1) The Authority shall provide to the Group all information that is necessary for it to carry out its role, subject to professional secrecy as set out in Article 70 of the ESMA Regulation and ESMA's Rules of Professional Secrecy and Confidentiality.
- (2) Members of the Group shall not share outside the Group any unpublished documents of the Authority which have been made available to them.
- (3) If Members of the Group fail to respect these obligations, the Authority may request the Member to stand down.

Article 16 – Regular Reporting and Transparency

- (1) The Authority will include in its annual report a one-page overview of the activities of the Group, including a summary of any opinions, reports and other advice it has formulated over the course of the given year.
- (2) The summary for inclusion in the annual report shall be approved by the Chairperson and Vice-Chairperson(s) of the Group.
- (3) The Group may produce an Activity Report that shall contain an executive summary of the opinions and reports delivered by the Group listing main achievements and inputs to the Authority, which shall be prepared by the Group and reviewed by the Chair and Vice-Chair(s).
- (4) The Authority shall make public on its website:
 - (a) the names of members of the Group and any changes or amendments to the Group's membership;
 - (b) the opinions and advice of the Stakeholder Group and the results of their consultations; and
 - (c) the summaries of conclusions of its meetings

- (d) Short biographies (CV's) of the Members of the Group.

Article 17 – Correspondence

- (1) Correspondence sent to the Group by third parties shall be addressed to the Authority, for the attention of the Stakeholder Group Chairperson.
- (2) Correspondence sent to Group members by the Authority or group Members shall be sent to the e-mail address which they provide for that purpose.

Article 18 – Access to documents

- (1) Public access to the Group's documents shall be the same as that applying to the Authority's documents.
- (2) The Authority shall be competent to take decisions regarding requests for access to Group documents.

Article 19 – Protection of personal data

All processing of personal data for the purposes of these rules of procedure shall be in accordance with Regulation (EC) No 45/2001.

Article 20 – Collaboration with other groups

The Group should work as an interface with other groups in the financial services area established by the Commission or by Union legislation or as otherwise agreed with the Authority.

Article 21 – Amendments to these Rules of Procedure

The Group may amend these Rules of Procedure by a majority of two-thirds of the Group's members, in particular in order to take into account possible developments in the roles, tasks and organisation of the Authority and the Group.

Done at Paris on 11 April 2019

[Signed]

Veerle Colaert
SMSG Chair
For the Securities and Markets Stakeholder Group