

SUMMARY OF CONCLUSIONS

Securities and Markets Stakeholder Group

Date: 1 October 2020
Time: 10.00 – 15.30
Location: Phone conference system
Contact: louise.waller@esma.europa.eu T: +33 1 58 36 42 74

1. Report from the Steering Committee

The SMSG Chair and Vice-Chairs welcomed all to the meeting and informed the SMSG of a request for advice from ESMA on a review of the joint EBA and ESMA guidelines on the suitability of members of the management body and key function holders and asked that it be introduced by ESMA under AOB.

2. Adoption of summary of conclusions from 9 July 2020

The summary of conclusions was adopted.

3. Recent market developments

SMSG member, Guillaume Prache presented the Better Finance 2020 research report on long term and pension savings. He noted the key conclusions of the report: that although all returns improved in 2019, too many pension schemes still reveal negative or very low long-term returns. He also highlighted the report's policy recommendations.

SMSG Vice-Chair, Christiane Hölz presented the German draft Electronics Securities Act, which is expected to be adopted by the end of 2020. She also spoke about how this law might fit in the context of the EU Commission's Digital Finance Strategy.



For ESMA, Christian Winkler presented the latest Trends, Risks and Vulnerabilities Report highlighting in particular the market reaction to the ongoing COVID-19 pandemic. He also spoke about the research done on the costs and performance of closet indexing funds and the first evidence on MiFID II unbundling provisions that showed a reduction in analyst coverage but that it was an extension of a downward trend taking place prior to MiFID II.

SMSG member, Giovanni Petrella presented his research on the impact of the MiFID II provision on research unbundling. He concluded that the unbundling rule was not detrimental for price efficiency suggesting that MiFID II had not led to information loss and that there had been an overproduction of research in Europe with the previous regime.

Finally, for ESMA, Evert van Walsum gave an update on the assessment of the German financial reporting system following the collapse of Wirecard AG. He explained the fast track peer review process and timeline, as well as indicating the Guidelines that were being taken into consideration.

Each of those presentations were followed by an exchange of views between SMSG members and ESMA.

4. Update on Advisory Committee on Proportionality

For ESMA, Jacob Lönnqvist presented the work done so far to set up the Advisory Committee on Proportionality. He explained that the Committee is currently discussing and developing criteria to guide its work and is defining its work programme. He also outlined how the Committee could interact with the SMSG.

5. Sustainable Finance: ESG Disclosures and essential cross-sector non-financial indicators

Chris Vervliet, rapporteur of the SMSG advice on the draft RTS for Sustainable Finance Disclosure Regulation, presented the advice. He highlighted the synergies between the SFDR and other pieces of legislation and pointed out the misaligned timelines. He also noted the importance of selecting the right indicators and avoiding that indicators at entity level do not confine indicators at product level, that the template should provide clarity to the investor, and that it was important to avoid information overload.

For ESMA, Patrik Karlsson provided a progress update on the draft SFDR RTS following the consultation period; he highlighted the main focus of the responses. He also informed the Group that the European Commission has invited the ESAs to deliver advice as the basis for a delegated act on article 8 of the Taxonomy Regulation.

SMSG member, Adina Gurau Audibert presented a toolbox of cross sector non-financial indicators developed by AFG. She noted that there should be only a few, non-normalised indicators and that the toolbox was also intended as input to the Commission's review of the Non-Financial Reporting Directive.

After discussion of those presentations, the Group decided to form a working group to respond to ESMA's upcoming request for advice on article 8 of the Taxonomy Regulation.



6. Feedback from ESMA on consultation on Guidelines on art. 25 of AIFMD

For ESMA, Isabella Cortesi presented the feedback received on ESMA's recent consultation on the draft Guidelines on article 25 of AIFMD related to leverage. The Group commented on the different national methodologies. ESMA's Executive Director confirmed that the guidelines are intended to help align practices in this area.

7. Feedback from ESMA on consultation on Guidelines on outsourcing to Cloud Service Providers

For ESMA, Anne Chone presented a preliminary overview of some of the key comments on ESMA's recent consultation on its draft guidelines on outsourcing to Cloud Service Providers (CSP). The Group commented on the concentration of the CSP market and the related difficulties for financial market participants to impose contractual clauses.

8. Feedback from ESMA on 2021 work programme, including the 2021-22 Peer Review work programme

The ESMA Executive Director presented ESMA's final 2021 work programme prior to its publication.

9. AOB

For ESMA, Francesca Fiamma outlined the ongoing consultation on the review of the joint EBA and ESMA guidelines on the suitability of members of the management body and key function holders.

For ESMA, Emmanuel Doumas updated the Group on the current status of the PRIIPs review and RTS.

The Group discussed the possibility to set up an own initiative Working Group on Wirecard. They decided to await the publication of ESMA's report to take a decision in that respect.

PARTICIPANT LIST

Barbara Alemanni	Full professor University of Genoa and SDA Bocconi affiliate professor	Present
Emilios Avgouleas	Professor Law and Finance, University of Edinburgh	Present
Henning Bergmann	CEO and member of the Board of Deutscher Derivate Verband (German Derivatives Association)	Present
Geoffrey Bezzina	Chairman (in executive role), Board of Management and Administration, Office of the Arbiter for Financial Services, Malta	Present
Piotr Biernacki	Vice President of the Polish Association of Listed Companies and President of the Foundation for Reporting Standards	Present
Florence Bindelle	Secretary General at European Issuers AISBL	Present
Lubomir Christov	Advisor to the Bulgarian National Association “Active Consumers”	Present
Veerle Colaert	Professor of Financial Law, KU Leuven University	Present
Jasper De Meyer	Financial Services Officer, European Consumer Organisation (BEUC)	Present
Urban Funered	CEO, Swedish Securities Dealers Association	Present
Adina Gurau Audibert	Head of Asset Management, Association Française de la Gestion financière (AFG)	Present
Christiane Hölz	Lawyer, DSW	Present
Dermott Jewell	Policy and Council Advisor Consumers' Association of Ireland	Present
Eric Litvack	Managing Director at Société Générale	Present
Sari Lounasmeri	CEO at Finnish Foundation for Share Promotion	Present
Stjepan Mandic	Founder and Managing Director of Concepto Ltd	Present
Martha Oberndorfer	Member of the Advisory Council, Austrian Shareholder Association	Present
Morten Bruun Pedersen	Senior economic advisor at the Danish Consumer Council	Present

Giovanni Petrella	Full Professor of Banking, Università Cattolica	Present
Guillaume Prache	Managing Director, Better Finance	Present
Rainer Riess	Director General, Federation of European Securities Exchanges (FESE)	Present
Virginie Saade	Head of Government and Regulatory Policy for Europe at Citadel	Present
Ignacio Santillán	CEO, Spanish Investors Compensation Scheme for investment firms (FOGAIN)	Present
Martin Scheck	CEO and Member of the Board of the International Capital Market Association (ICMA)	Present
Alexander Schindler	Member of the Executive Board, Union Asset Management Holding AG	Present
Jean-Marc Servat	Chair, European Association of Corporate Treasurers (EACT)	Present
Christian Martin Steifmueller	Senior Adviser, Research & Advocacy at Finance Watch AISBL	Present
Tanguy van de Werve de Schilde	Director General EFAMA	Present
Chris Vervliet	Deputy Secretary & Member of Select Committee European Works Council at KBC Group, KBC Asset Management, Brussels (Belgium)	Present