

## Summary of Conclusions

### Securities and Markets Stakeholder Group

---

**Date:** 21 September 2017  
**Time:** 9.00 - 17:00  
**Location:** ESMA, 103 rue de Grenelle, 75007 Paris  
**Contact:** [jacob.lonnqvist@esma.europa.eu](mailto:jacob.lonnqvist@esma.europa.eu) T: +33 1 58 36 43 39

---

#### 1. Opening statements from the Chair

The Chair welcomed all to the meeting.

#### 2. Report from the Steering Committee

The Chair accounted for the meeting calendar. The Group decided to have an SMSG only preparatory meeting before the meeting with the Board of Supervisors on 24 May 2018.

The Chair stated that there were no immediate plans for any joint work between the different Stakeholder groups and that it will depend on the joint work programme of the Joint Committee, which the ESAs will publish soon.

The Group had a brief discussion on ESA Review. SMSG members gave their preliminary assessments of the legal proposal that had been issued by the Commission.

Verena Ross accounted for the main content of the ESA review package for ESMA as regards the extended responsibilities and the new governance arrangements envisaged (as well as the EMIR 2.2 CPP proposal), and the important new staff and budget implications.

Members of the Group expressed that it would be important to let the Commission know what the SMSG thinks about the proposals regarding the Stakeholder Groups.

Decision: The SMSG decided to establish a working group firstly to prepare a discussion with ESMA, possibly together with the Board of Supervisors at the November meeting, and secondly to draft a short letter outlining the SMSG's assessment on the implications of new "rights" the stakeholder groups of the ESAs will have according to the Commission's proposal.

### **3. Recent market developments**

ESMA presented its Trends Risks and Vulnerabilities Report of September 2017. The presentation showed unchanged risk-levels compared to Q1. There is sustained performance of markets and political uncertainty, strong fund performance, with stable infrastructures and calm environment but with cyber-risks and benchmarks on watch. As regards investor protection vulnerabilities, a strong impact of fees and charges on investor benefit.

SMSG members mentioned a number of issues such as risks of markets being crowded out by ECB, which is not creating long-term stability, the EU struggling with costs in the funds industry, and encrypted currencies. Regarding SMEs, the investor protection for investors in small businesses is important.

ESMA commented on a lack of transparency on the costs of funds and further clarified the data set used for the report and mentioned that the initial coin offerings will be part of a 2018 study, as will an analytical article on exchange traded derivatives in the next 12-18 months.

René Karsenti presented a joint report from ICMA and EFAMA examining how leverage is used in investment funds, how risks are addressed and how the European legislative framework addresses leverage.

Verena Ross stated that it would be valuable to have further interaction on this topic after the publication of the ESRB work.

### **4. MiFID II suitability requirements**

The SMSG rapporteur Veerle Colaert introduced the SMSG draft advice paper on MiFID II suitability. She explained the general comments of the SMSG as regards the time needed for and the cost of implementation. She mentioned that certain guidelines for robo-advice

also are important for non robo-advice. There is a danger of information overload /questionnaire overload and she mentioned the importance of new ways of communication as alternatives to questionnaires. Lastly, she mentioned a need of consultation with EIOPA who needs to implement the IDD suitability requirements for insurance-based investment products.

The Group discussed various aspects that they could include in the draft advice paper such as robo-advice, and data protection aspects.

The SMSG Chair thanked the rapporteur for the work done and concluded the SMSG advice would be concluded after the meeting.

## **5. Consultative Working Groups**

Verena Ross presented the role and the work of the ESMA Consultative Working Groups, which are advising a number of the ESMA standing committees. ESMA uses the expertise of these stakeholders for the various specialised topics that the different standing committees are dealing with. She explained that ESMA would be happy with sharing agendas and meeting calendars of CWGs (being meetings held with the respective Standing Committees). However, given the different roles of SMSG and the CWGs, confidentiality concerns and the importance of maintaining the balanced compositions of the CWG, it would not be appropriate for the SMSG to attend such meetings. ESMA believes that the sharing of agendas starting as of 2018 could give good insight in the work of the CWGs for the SMSG.

The Chair thanked ESMA for the discussion and concluded that the SMSG would going forward be able to receive the CWG agendas.

## **6. Prospectuses**

The rapporteur Georg Baur presented the draft advice paper in response to the ESMA Prospectus level 2 consultations on draft technical advice on format and content of the prospectus and the draft technical advice on format and content of the EU Growth Prospectus.



SMSG members discussed the draft and notably the aspects of growth markets, the length of prospectuses and the role of the executive summary.

ESMA staff commented on the various aspects raised, such as profit/loss forecast, sustainability and need for a focused executive summary.

The SMSG Chair thanked the ESMA staff for their participation and concluded that the SMSG would conclude its advice in written procedure.

## **7. Resilience in corporate reporting**

Paul Koster presented a paper outlining the possibility to undertake work on the topic of corporate reporting and how it may change in light of e.g. new technologies, climate change, sustainability demands and other aspects.

Members mentioned work of the UK financial reporting council on this topic. It was noted that audit is within ESMA's scope, and that work of the high-level group on sustainable finance could be taken into account.

Verena Ross explained that ESMA would set up a working group in the next year to look at aspects of alternative performance measures, and boiler-plate information. She asked the SMSG to focus its work on the issues that are within ESMA's remit.

The SMSG decided to set up a working group with Paul Koster as the rapporteur in order to produce an own initiative report.

## **8. MiFID implementation**

The SMSG discussed various aspects of the MiFID II implementation such as:

- The home/host Q&A that is expected out soon,
- Exact date of complying, as the 2 of January is a working day,
- Concerns about Systemic Internalisers not being under the tick-size regime,



- LEIs

Verena Ross commented on several of the aspects raised, also offering continued discussions with ESMA at the next SMSG meeting.

The Chair concluded the discussion stating the SMSG would set up a Working Group to be led by Kerstin Hermansson, with the task of preparing a discussion on MiFID II implementation at the next SMSG meeting.

## **9. AOB**

Verena Ross informed the SMSG that ESMA has issued a warning on the unauthorised use of its name and logo (ESMA 43-318-1049). She also mentioned the setting up of a private/public sector working party on a future risk free reference rate for the Euro area.

## PARTICIPANT LIST

1.	Christos Alexakis	Associate Professor in Finance, ESC - Rennes Business School	Present
2.	Georg Baur	Member of Management Board, VOEB, Association of German Public Banks	Present
3.	Harald Benink	Professor of Banking and Finance, Tilburg University	Excused
4.	Jean Berthon	Chair, Better Finance	Present
5.	Lubomir Christov	Advisor, Bulgarian National Association Active Consumers	Present
6.	Veerle Colaert	Professor of Financial Law, University of Leuven	Present
7.	Elizabeth Corley	CEO, Allianz Global Investors	Present
8.	Bartosz Dziemaszkiewicz	Vice-President, Polish Individual Investors Association	Present
9.	Francisco Javier Echarri	CEO, LDS Partners and Advisor on SME related matters	Present
10.	Mark Hemsley	CEO of BATS Chi-X Europe	Present
11.	Kerstin Hermansson	Managing Director, Swedish Securities Dealers Association	Present
12.	Christiane Hölz	Lawyer, DSW	Present
13.	René Karsenti	President, ICMA	Present
14.	Paul Koster	Chair, European Investors Association	Present
15.	Bostjan Krisper	Head of Financial Services Department, Slovenian Consumer Research Institute	Excused
16.	Eric Litvack	Managing Director, Societe Generale	Present
17.	Rainer Lenz	Chairman of the Board of Directors, Finance Watch	Excused
18.	Antonio Mele	Professor of Finance, Lugano	Present
19.	Jennifer Payne	Professor of Corporate Finance Law, University of Oxford	Excused

20.	Giovanni Petrella	Professor of Banking, Università Cattolica, Milano	Present
21.	Rainer Riess	Director General, FESE	Present
22.	Lindsey Rogerson		Present
23.	Anna Maria Romano	Accounting expert, FISAC CGIL	Present
24.	Ignacio Santillan	CEO, FOGAIN, Spanish Investor Compensation Scheme	Excused
25.	Jean-Marc Servat	Chair, EACT	Excused
26.	Jarkko Syyrilä	Head of Compliance, Nordea Asset Management	Present
27.	Greg Van Elsen	Financial Services Officer, BEUC	Present
28.	Chris Vervliet	Senior Risk Advisor, KBC Asset Management	Excused
29.	Rüdiger Veil	Professor of Law, Bucerius Law School, Hamburg	Present
30.	Tim Ward	CEO, Quoted Companies Alliance	Present