



SUMMARY OF CONCLUSIONS

Securities and Markets Stakeholder Group

Date: 10-11 November 2016
Time: 13.30 - 17:00 on 10 November and 9.00 – 12.00 on 11 November
Location: ESMA, 103 rue de Grenelle, 75007 Paris
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1. Report from the Steering Committee

The Chair Rüdiger Veil informed the Group of the topics that had been suggested by members and subsequently decided to put on the agenda of later meetings. Furthermore, he informed the Group of efforts to arrange a meeting and possibly common work with the stakeholder groups of EBA and EIOPA. He also announced a couple of additions to the meeting schedule of 2017.

2. Recent Market Developments

René Karsenti presented a study by ICMA on the current conditions and future evolution of the liquidity in the secondary European corporate bond market.

Members discussed issues related to problems of a potential lack of liquidity in the bond markets, noting i.a. the issues regarding costs passed on to investors and risks of reduced trading volume. Some members called for guidelines for the industry.

The ESMA Chair noted that the market for corporate bonds is quite different compared to some years ago, but that a possible liquidity risk premium does not seem to be high considering current yields. He noted that the coming MiFID standards regarding corporate bond transparency will be confirming market practices and will allow for a phasing in over a few years.

3. Benchmarks

Following a presentation by the SMSG member Rainer Riess the SMSG discussed its draft advice paper in response to the ESMA consultation on draft technical standards under the Benchmark Regulation 2016/1011.

Decision: The Group agreed the paper subject to minor drafting amendments.

4. Management body of market operators and data reporting services providers – draft Guidelines

ESMA, Carsten Osterman, presented ESMA's current consultation on Guidelines that lay down requirements on members of the management body of any market operator, with regard to good repute, skills etc.

The SMSG Chair thanked ESMA for the presentation and stated that SMSG would consider whether to respond to the consultation.

5. Trading halts

ESMA Carsten Osterman, presented ESMA's current consultation on trading halts.

Members of the SMSG commented i.a. on real time feeds, competition aspects, price discovery, and standardisation of communication.

The SMSG Chair thanked ESMA for the presentation stating that the SMSG would consider whether to respond to the consultation.

6. Consolidated tape for non-equity financial instruments

ESMA, Carsten Osterman, presented the ESMA consultation on consolidated tape for non-equity, which states that consolidated tape providers have to include approved publication arrangements and trading venues in the consolidated tape which report more than 2.5% of total transactions in the EU (in terms of volume or number of transactions) over a period of 6 months.

SMSG members commented mainly on the 2,5 % limit suggested. ESMA noted that the activity would need to be carried out on a reasonable commercial basis.

The SMSG Chair thanked for the presentation and stated that the SMSG would consider whether to respond to the consultation.

7. Securities Financing Transactions – RTS and ITS

ESMA presented its consultation on SFTR. This regulation responds to the need to enhance the transparency of securities financing markets and thus of the financial system. ESMA is mandated to produce six technical standards under SFTR. Five of those are addressed to the industry and one covers data exchange between authorities. Rodrigo Buenaventura, ESMA, commented on the major importance of this new project.

SMSG members had comments i.a. on the go-live date.

The SMSG Chair thanked for the presentation indicating that the SMSG would consider whether to comment on this topic at a later stage.

8. Product Governance

The SMSG discussed its draft advice paper and in particular the notion of the target market, and how to consider product governance in the context of other concepts under MiFID.

Decision: The Group decided that the work should be taken forward in the working group and the advice paper be finalised in written procedure.

9. The SMSG work programme 2017 including on supervisory convergence and on own initiative work

The SMSG Chair presented a number of ideas for discussion on how the SMSG might develop a work programme including on supervisory convergence matters. The presentation included several suggestions for possible work of the SMSG such as follow-up work on Small and Medium-sized Enterprises (SMEs), the EU Supervisory Architecture and The Capital Markets Union.

Verena Ross summarised the process as regards the approval of the ESMA working programmes and in particular the Supervisory Convergence work programme, which are expected to be approved in January 2017. Sophie Vuarlot-Dignac, ESMA, noted that ESMA will undertake work as regards EuVECA-fees and on a single portal for level 1, 2 and 3 provisions.

The SMSG Chair invited suggestions for own initiative work to be undertaken in addition to regular responses to consultations. Members of the SMSG suggested various topics for discussion, such as: national enforcement of financial information, supervision cross-border, including data collection, common efforts in terms of product interventions, passporting issues, MAD/MAR guidance to markets, follow-up to peer reviews or the intermediation chain in a cross-border context. Also the EU 27 future financial markets architecture was suggested as a topic for future work.

In the context of future consultations, Salvatore Gnoni, ESMA presented the ESMA/EBA joint consultation on composition of management bodies for MiFID firms/Credit Institutions.

The SMSG discussed the possibilities to undertake work in common with the stakeholder groups of EBA and EIOPA. The group discussed i.a. aspects of responsibility for the choice of persons on the boards of financial institutions.

The SMSG Chair thanked all for the discussion and concluded that the Group should:

- set up a working group to work on product intervention measures for which topic Veerle Colaerts volunteered to act as rapporteur;
- set up a working group to respond to the ESMA/EBA joint consultation on composition of management bodies for MiFID firms/Credit Institutions, for which topic Paul Koster volunteered to act as rapporteur,



- set up a working group on Small and Medium-sized enterprises (SMEs).

The SMSG Chair thanked the newly appointed rapporteurs and concluded that the Group would reflect on further suitable topics to cover, also taking into account other aspects of its work programme and own initiative work streams.

10. AOB

There was no other business.