

Call for expressions of interest: Consultative Working Group for ESMA's Financial Innovation Standing Committee

Background

1. The two-year term of the current Consultative Working Group ('CWG') for the ESMA's Financial Innovation Standing Committee ('FISC') is due to expire. Therefore, ESMA is today launching the process to renew the CWG of FISC.
2. ESMA has established the CWG to benefit from the expertise of stakeholders who are involved in the topics related to financial innovation under ESMA's remit (securities markets, market infrastructures, institutional and retail investors) and with a view to support ESMA's objectives of investor protection, market integrity and financial stability. FISC looks to this group to provide expert advice regarding ESMA's work on Financial Innovation.
3. The CWG is a Consultative Working Group under the ESMA 'Procedures for ESMA Groups' of March 2012. Members of such groups are to be selected following an open call for candidates published on the ESMA website and are appointed for a period of two years. The relevant extracts of the procedures are set out in the Appendix. Upon completion of the selection process, ESMA will inform the applicants of the outcome and publish the composition of the 2019-2020 CWG on its website.

Financial Innovation Standing Committee (FISC)

4. [Regulation 1095/2010 of the European Parliament and Council](#) mandates ESMA to establish a Committee on financial innovation. According to Article 9(4) of Regulation 1095/2010, the Financial Innovation Standing Committee (FISC) aims at '[...] achieving a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities and providing advice for the Authority to present to the European Parliament, the Council and the Commission'.
5. In line with the ESMA 2016-2020 Strategic Orientation (ESMA/2015/935), FISC contributes to ESMA's mission by monitoring innovation in financial markets, promoting supervisory convergence for new or innovative products and processes, and providing advice on the completion of the single rulebook for these new or innovative products and processes. The remit of FISC is multi-fold:



- a. it deals with all financial innovation and related market and product developments that have an impact on both retail and institutional investors, with a transversal mandate across ESMA's areas of responsibilities;
 - b. it advises ESMA's Board of Supervisors on advice it may wish to present to the European Parliament, the Council and the Commission;
 - c. it advises ESMA's Board of Supervisors on the use of its product intervention powers set out in articles 40-43 of MiFIR.
6. FISC undertakes and coordinates ESMA's work relating to the process of financial innovation, both in terms of products and processes. It does so through an understanding of market and investor trends, both in terms of quantitative analytics and qualitative market intelligence. It cooperates with other organisations with a shared interest in financial innovation, both with sister European Supervisory Authorities and regulatory bodies globally.
7. ESMA aims to have in place a pro-active system that will allow us to identify and respond with risk mitigating strategies when financial innovation may have the potential to:
- a. give rise to systemic risk;
 - b. threaten market integrity;
 - c. harm investors.
8. Consistent with ESMA's mission to '[...] enhance the protection of investors and reinforce stable and well-functioning financial markets in the European Union', a fundamental objective of FISC is to determine areas in which there is a need for greater pan-European coordination in the understanding, introduction and oversight of new financial products and processes.
9. FISC contributes to building a common supervisory culture by promoting common supervisory approaches and practices across national competent authorities.

Description of main CWG tasks

10. In accordance with ESMA's 'Procedures for ESMA groups', ESMA expects members of the CWG group to provide technical assistance in the field of their expertise to ESMA's work on financial innovation.
11. We will especially rely upon CWG members to provide FISC with market intelligence on emerging financial innovations in order to improve its ability to pro-actively identify potentially harmful trends within the financial services market.
12. We will look to the CWG to help define metrics to identify and in turn analyse products, services or processes that may pose a threat to investors and/or financial stability.



13. We will look to the CWG to provide insight to areas of concern relative to the introduction of newly created or evolving products, as well as to the development of financial product's distribution to a wider investor base.

Terms of Appointment

14. CWG members are selected for a renewable term of two years.
15. CWG members are appointed on a personal basis, and are bound by confidentiality requirements in relation to all non-public information they are provided with while performing their tasks.

Selection criteria

16. This call for expressions of interest is open to persons representing any organisation that plays an important role for financial markets in any part of the European Union (EU).
17. The CWG will be composed of individuals representing as balanced a proportion as possible of the relevant areas of expertise in the field of financial innovation, investor protection, financial markets organisation as well as asset managers and intermediaries.
18. The selection of CWG members will aim to ensure, to the extent possible, an appropriate geographical and gender balance, and representation of all relevant stakeholders across the EU affected by the work of ESMA in this area. In particular, ESMA will be seeking to ensure a balanced representation of the following types of stakeholders:
 - a. financial market participants/financial services' intermediaries;
 - b. representatives of retail investors and users of financial services; and
 - c. academics.
19. Assessment of eligibility will be based on the following criteria:
 - a. a minimum of 7 years of relevant professional experience in the financial services sector related to financial innovation and financial market activities will be required for those representing financial institutions;
 - b. a minimum of 7 years of experience relevant to the financial services field will be required for representatives of retail investors and users of financial services, and academics.



Selection process

20. Applications will be accepted from natural persons only. Only the natural person selected will be admitted to the CWG. No substitution (alternates) of natural persons will be permitted throughout the full duration of the appointment, or during possible renewals.
21. Applicants not selected may be included on a list of experts, with the possibility of being invited to become a CWG member at a later stage.
22. ESMA's Executive Director, in consultation with the Head of the Risk Analysis and Economics Department and the Chair of FISC, will make the final selection of CWG members.
23. Members of the CWG are bound by confidentiality requirements in relation to all non-public information they are provided with, while performing their tasks.
24. ESMA reserves the right to exclude at any time from the CWG those members who breach the terms of reference contained in the annex in a serious manner, particularly when it comes to a minimum level of attendance, breaches of confidentiality or misrepresentation of their status of CWG members (points 3.B.iv, 3.B.v and 6 of the Annex 1).

Place of provision of services

25. The CWG will meet at least twice a year and meetings, organised by ESMA, will normally take place at the ESMA premises in Paris or, occasionally, at the premises of national competent authorities.

Compensation, travel expenses

26. Compensation for services as a CWG member is not paid.
27. CWG members are expected to meet their own travel expenses. However, members representing, for example, retail investors, trade-unions, shareholder associations and academics may be eligible for reimbursement of travel expenses and a daily allowance in accordance with ESMA policy.

Application procedure, closing date

28. Relevant stakeholders meeting the required selection criteria and wishing to apply for a position on the CWG are invited to submit, in English:
 - a. a completed application form https://www.esma.europa.eu/sites/default/files/library/esma50-157-1377_fisc_cwg_application_form.docx; and
 - b. a detailed curriculum vitae (CV), preferably in the EU CV format - the link to the template for this is:



<http://europass.cedefop.europa.eu/europass/home/hornav/Downloads/EuropassCV/CVTemplate.csp>

29. It is optional for applicants to attach a motivation letter (2 pages maximum).
30. Unclear or incomplete applications will not be considered.
31. Applications must be submitted by email by no later than 15 January 2019 to the following email addresses: patrick.armstrong@esma.europa.eu and anne.chone@esma.europa.eu.
32. Successful applicants will be informed in due course following the conclusion of the application process.
33. ESMA will publish the composition of the Group on its website.

Appendix: Relevant extracts for CWGs from ESMA's 'Procedures for ESMA groups'

II. EXTERNAL CONSULTATIVE WORKING GROUPS

10. ESMA groups reporting to the Board of Supervisors may establish Consultative Working Groups (CWGs) in order to benefit from the expertise of market participants who are specialised in the specific area for which the group is responsible. The purpose of CWGs is to provide advice to the ESMA group during the course of developing a policy line in relation to specific technical matters, or to give a view on specific aspects of the proposals. The role and responsibilities of CWGs are without prejudice to those of the Securities and Markets Stakeholder Group.
11. CWG members are selected following an open call for candidates published on the ESMA website, including advice from members of the Board of Supervisors and the Standing Committee, with a final selection being made by the Executive Director in consultation with the relevant Head of Division/Unit of ESMA and the Chair of the relevant group. CWG members are appointed on a personal basis. Members of the CWG may be removed upon decision of the Executive Director in consultation with the Chair of the relevant group.
12. Terms of reference of CWGs are given in Annex 1.

Annex 1

These Terms of Reference are without prejudice to the role and responsibilities of the Securities and Markets Stakeholders Group

Terms of Reference of Consultative Working Groups

1. The purpose of the Consultative Working Group (CWG) is to provide technical assistance to ESMA in relation to all aspects of a particular group's work, such as the preparation of draft regulatory and implementing technical standards, Article 16 guidelines and the delivery of advice to the European Commission on the delegated and implementing acts required under a Directive/Regulation. The group is formed under the terms of ESMA's Public Statement on Consultation Practices (ESMA/2011/11). The CWG should be composed of market participants, consumers and end-users. Members of the CWG are selected according to the procedure set out in Section II of the Procedures for ESMA groups. The composition of the CWG is made public.
2. In meeting the above purpose, the group may be called upon to provide input at all stages of the policy formulation process.
3. In meeting the above objectives, the ESMA group and the CWG will apply the following principles.
 - A) Members of the CWG will have:
 - i. Access to evolving thinking of the ESMA group, including of any specific issues causing difficulty.
 - ii. The possibility to express their views to the ESMA group. Members of the ESMA group will be encouraged to attend meetings of the CWG.
 - iii. A work plan, including the dates of the main meetings of the CWG for the year ahead. Additional meetings can be called either at the request of members of the Consultative Working Group or of ESMA. Meetings are called by the Chair of the ESMA group in consultation with the rapporteur.
 - iv. The support of ESMA staff and the contact details of all members of the relevant ESMA group.
 - B) ESMA can expect the following from the members of the CWG:
 - i. Members will provide their independent expertise and not lobby for specific national or institutional positions. Members of the CWG are appointed and participate in their personal capacity.
 - ii. Practical examples to illustrate the implications of policy proposals.
 - iii. A sounding board that is prepared to provide alternative solutions and not just identification of problems.

- iv. That all information provided by ESMA will be handled with due confidentiality and not circulated to third parties.
 - v. That members will endeavour to make themselves available both to attend meetings and provide timely written submissions where required.
 - vi. The identification of specific issues that might require a subset of the CWG to consider. ESMA may call on additional experts where appropriate.
4. The final output of the work-stream is under ESMA's authority and is without prejudice to the opinion of the CWG.
 5. Members of the Consultative Working Group are selected for a renewable term of two years.
 6. Members of the CWG should make clear in their professional engagements that they are not representatives of ESMA.