



SUMMARY OF CONCLUSIONS

Securities and Markets Stakeholder Group

Date: 17 June 2021
Time: 10.30 – 15.50
Location: Phone conference system
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1. Report from the Steering Committee

The Steering Committee reported that, since the last meeting held on 24 March 2021, the Group had produced two pieces of work - advice to ESMA on taxonomy-related disclosures and a response to the European Commission's consultation on supervisory convergence and single rule-book – and is working on an advice on ESMA's consultation on the MMF Review.

2. Change in ESMA Senior Management

Anneli Tuominen, interim ESMA Chair, introduced herself to the Group. She described the process for the appointment of the ESMA Chair and confirmed that, until a new Chair was appointed, she would ensure a smooth transition. She congratulated the Group on the work done so far and highlighted the importance for ESMA of listening to their experience.

Executive Director, Natasha Cazenave, introduced herself to the Group as this was her first meeting since joining ESMA on 1 June 2021. She also emphasised the importance to ESMA's work of hearing the views of stakeholders.

3. Adoption of summary of conclusions from 24 March 2021

The summary of conclusions was adopted.

4. Recent market developments

Guillaume Prache presented the recent initiative from the European Commission on sustainable corporate governance and its potential impacts on capital market participants. He highlighted the long-term orientation of individual investors and certain barriers to long-term investment by individuals and long-term engagement of individual shareholders. He advised above all facilitating cross-border investor engagement and promoting employee share ownership. The Group discussed the presentation, in particular the investment time horizon for both individual and institutional investors, supervisory convergence around SRD II, and issues of cross-border voting. For ESMA, Valerio Novembre explained that ESMA had provided input to the Commission on the initiative and noted that ESMA will work on SRD II next year.

Piotr Biernacki presented the advice from the EFRAG project taskforce on the future architecture of European corporate sustainability reporting standards. He commented on the challenges in terms of the increase in the number of companies brought into scope and the associated costs for them, as well as the increase in the scope of reporting and the question of data quality. The Group discussed the advice including the challenge of global convergence, the challenges posed by the speed and complexity of the approach, and the need for training in this new area. For ESMA, Marie Lyager confirmed that ESMA was following the CSRD proposal closely and engaging at international level. She explained that ESMA works closely with the national competent authorities to ensure a convergent application of the existing regulations and would apply that approach to future legislation.

Giovanni Petrella presented research into order flow fragmentation and flight-to-transparency during the stressed market conditions of the COVID-19 pandemic. The research found that traders consolidate their orders in fewer venues in times of market stress, that order flow consolidates into fewer and more liquid venues, and that a decrease in dark trading can be observed. The Group discussed the research findings and speculated on the potential reasons for them, in particular whether traders had been seeking quality or certainty of execution as much as transparency, the possible importance of immediacy when trading in stressed market conditions, and the importance of informed trading. For ESMA, Carsten Ostermann noted the interesting findings of the research and confirmed that ESMA was focussing on various aspects in the follow-up to the COVID-19 crisis, including market fragmentation.

5. CCP Supervisory Committee

For ESMA, Klaus Loeber, CCP Supervisory Committee Chair, provided an overview of the composition, mandate and activities of the Committee that was established in January 2020 following the entry into force of EMIR 2.2. He also outlined ESMA's other CCP-related activities on risk assessment and single rulebook.

6. MMF Review

Adina Gurau-Audibert presented the draft advice on ESMA's consultation on the MMF Review. She outlined the draft conclusions of the advice, which addressed the context, including the international context of MMFs, as well as issues related to their liability and assets. The Group discussed the draft, in particular the liquidity of underlying markets and the international context.

For ESMA, Emmanuel Doumas and Antoine Bouveret reacted to the draft advice. They thanked the Group for the work so far and asked several questions on swing pricing, sponsor support, stress tests and liquidity management tools. The Group agreed to finalise the draft advice for approval by written procedure.

7. Taxonomy-related disclosures

Chris Vervliet presented the Group's advice on Taxonomy-related disclosures. He focussed particularly on the Group's responses on derivatives, the denominator of the KPI, assessment by third parties, and the template. For ESMA, Patrik Karlsson thanked the Group for the advice. He noted that the Group's advice was broadly supportive of ESMA's view and clarified points raised by the Group of the overlapping of regulatory technical standards (RTS) and the potential application of delays. He also summarised the feedback received from other responders on the template and KPIs, and indicated the potential timeline for the RTS.

8. ESAs Review

Giovanni Petrella presented the Group's response to the European Commission's targeted consultation on supervisory convergence and the single rulebook. He outlined the Group's response on the Q&A process, the so-called "No-Action letters", the future scope of ESMA's direct supervisory powers and the composition of the stakeholder groups, Wirecard, the rising need for cross-sectoral collaboration across the ESAs', and the proposal to include competitiveness in the ESAs' mandates. For ESMA, Roxana de Carvalho outlined ESMA's response to the consultation that had been positive about the changes brought about by the previous ESAs' review, while noting not enough time had elapsed for proper evaluation of the impact. She also explained ESMA's use of the "no-action letter" tool but noted its rigidity.

9. Call for evidence on digital finance

For ESMA, Anne Chone presented the request from the European Commission to the ESAs for technical advice on digital finance and related issues. She outlined the topics to be included in the advice including fragmented and non-integrated value chains, platforms and bundling of services, and the risks of mixed activity groups (MAGs). She also indicated several questions addressed in the consultation paper. The Group discussed the topic in particular with regards to data providers, restrictions to normal cross-border rights, the transparency of business models, how to include new actors in the regulatory landscape, and the links with payment for order flow. The Group decided to establish a working group to respond to the consultation.

10. AOB

The Group decided to establish a working group to respond to the European Commission's consultation on a retail investment strategy.

The Group was presented with an overview of planned consultation papers.

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 Stiefmueller	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