

FESE CONVENTION 2022



















SESSION 1 – ENSURING EUROPE’S COMPETITIVENESS











PROGRAMME

Date
31/05/2022

Time
14:00 - 17:20 CET

14:00 - 14:10	Introduction and welcome	
	 Petr Kobic President, FESE; Chairman and CEO, Prague Stock Exchange	 ✓
	 Oleh Shamshur Ambassador of Ukraine to the Kingdom of Belgium	
14:10 - 14:25	Keynote speech	
	 Mairead McGuinness European Commissioner for Financial Services, Financial Stability and Capital Markets Union	 ✓
14:25 - 15:25	Panel Sustainable Finance - transitioning to a green economy The Corporate Sustainability Reporting Directive aims to make it clearer for companies to fulfil the ESG metrics. However, it brings some challenges. Will the European Single Access Point (ESAP) contribute to alleviating these challenges or will it bring additional complexity? What benefits will the EU Green Bond Standard bring to issuers and investors? The proposal on Corporate Sustainability Due Diligence was presented in February after many postponements – what are the key priorities and challenges?	
Panelists	 Julie Becker CEO, Luxembourg Stock Exchange	 ✓
	 Ben Granje CEO, Vlaamse Federatie van Beleggers (VFB)	 ✓
	 Saskia Slomp CEO, European Financial Reporting Advisory Group (EFRAG)	 ✓
	 Luc Vansteenkiste Chair, European Issuers	 ✓
Moderator	 Sara Baldi Senior Policy Manager, FESE	 ✓
15:25 - 15:40	Keynote speech	
	 Jean-Paul Servais Chair, Financial Services and Market Authority (FSMA)	 ✓
15:40 - 16:40	Panel CMU - creating momentum to empower European companies and retail investors These are momentous times for Europe, geopolitically, environmentally, and economically. If we are to secure Europe's competitiveness, through sustainable and inclusive growth, we must pick up the pace and strengthen the Capital Markets Union (CMU). What is the best way to contribute to the listing of European companies, from large caps to SMEs? What will best provide investment opportunities to all investors? How can Europe incentivise and increase retail participation in particular?	
		

Panellists	 Anthony Attia Vice President, FESE; Global Head of Primary Markets and Post Trade, Euronext	biography ✓
	 Ondřej Kovařík Member of the European Parliament, ECON Committee	biography ✓
	 Tatyana Panova Head of Unit - Capital Markets Union, DG FISMA, European Commission	biography ✓
	 Guillaume Prache Managing Director, BETTER FINANCE	biography ✓
Moderator	 David Wright Chair, Eurofi	biography ✓
16:40 - 17:00	Fireside chat	
Speakers	 Jan Ceysens Head of Unit - Digital Finance, DG FISMA, European Commission	biography ✓
	 David Newns Head - SIX Digital Exchange, SIX Group	biography ✓
17:00 - 17:15	FESE De la Vega Prize giving Each year since 2000, the FESE De la Vega Prize has been awarded to a young scholar for an outstanding research paper on financial markets. The Prize particularly values papers about current developments in European financial markets which promote public markets. The author(s) of the best paper, as decided by an impartial jury, will be awarded the Prize for 2022 - with attendant winnings of 5,000 EUR - and given the opportunity briefly to present their paper.	
17:15 - 17:20	Session 1 wrap-up	
	 Rainer Riess Director General, FESE	biography ✓

Keynote speech by Jean-Paul Servais

Outline on CMU, Retail Agenda and Financial education

First of all I would like to thank FESE for giving me the opportunity to speak about this interesting hot topic.

The Capital Markets Union was launched in 2015. If progress has been made, we need to acknowledge that EU capital markets remain fragmented. This is why the Commission adopted, in 2020, a new CMU action plan which pursues three main objectives:

- (i) Supporting a green, digital, inclusive and resilient economic recovery (by making financing more accessible to European companies);
- (ii) Making the EU an even safer place for individuals to save and invest long-term; and
- (iii) Integrating national capital markets into a genuine single market.

To be successful, I believe that the CMU needs to be strengthened by two pillars:

I. First pillar: financial education

The CMU should encourage the safe participation of informed, financially literate retail investors. At the moment, **financial education is still under-developed** in Europe. Though it is essential for mainly two reasons:

- Firstly, **retail investors need to be empowered to benefit from digitalization and sustainable innovation**. Recent events and evolutions, for instance the increased retail participation in markets during the Covid-crisis, the GameStop case, the hype around crypto-currencies, ... all emphasise the relevance of some key principles of financial education such as diversification. [Enhanced financial literacy could also contribute to correct the investment biases in favour of saving accounts, at the expense of more long-term investment.]
- Secondly, **financial education is a complementary tool to regulation and supervision to enhance investors' awareness, critical sense and rational behaviour**. But it should not be used to shift responsibility solely onto the consumer for making sound decisions. Financial literacy must go hand in hand with good consumer protection measures, fair advice, supervision and enforcement of rules. By ensuring that investors are financially literate, well protected and treated fairly, we can build up their trust in the markets, and help them meet their long-term financial needs.

How to achieve this goal, you may ask?

- **Concrete coordination initiatives** by the ESAs could be a first step toward strengthening investor education at a pan-European level.
- As a second step, and as proposed by EIOPA in its Technical advice to the Commission on certain retail investor protection aspects, EU directives could be modified horizontally in order to follow the model of the Mortgage Credit Directive and **enshrine the task of consumer education in the mission statements of the NCAs and the ESAs**.

Both actions could lead to the development of best practices in order to increase the financial awareness and literacy of consumers to the benefit of EU citizens and more broadly of the internal market and the CMU in particular.

Since 2011, the FSMA has a legal mandate to “contribute” to financial education. In 2013 we launched our **Wikifin-programme** for financial education. It is a comprehensive programme, based on three foundations.

1. The first one is directed towards the general public. The most visible initiative is our Wikifin-website which offers free and reliable information about money matters in an easy to understand language. A series of handy tools is also made available to the public, such as a heritage simulator and savings account comparative tool.
2. The second foundation is the collaboration between the FSMA and the educational system. On the Wikifin-site, we created a dedicated platform for teachers where they can find and download educational materials free of charge to use during their lessons about money matters. Digital educational tools are also under development.
3. Last but not least, our Wikifin Lab which is the centre for financial education we launched in September 2020 and which is located next to the FSMA building in Brussels. The Wikifin Lab is an interactive and digital centre for financial education where secondary school students can experience a variety of financial situations from everyday life.

Since its opening, the Wikifin Lab has been consistently fully booked and every year, our Wikifin-website is visited approximately 4 million times. This shows the interest and demand there is for financial education.

II. Second pillar: strengthening the CMU also implies developing and implementing a clear strategy in the field of retail investment.

The Commission is currently considering different initiatives to identify and tackle weak points in the retail investor’s journey taking a holistic view and putting the perspective of the retail investor at the centre. It aims at developing a **retail investment strategy** which is expected by the end of the year. The future Belgian Presidency is ready and fully committed to bring to fruition this project.

- Among the different topics addressed by this strategy, adapting the **regulatory framework to the digital world is key.**

The development of new technologies and means of trading that provide easy access to capital markets should not be hindered. We must keep-up with the times: rules should be adapted to innovation, be paper less and “smartphones fit”. Technology should be increasingly relied on as a mean to facilitate the provision of information to clients in a more meaningful way, using techniques such as layering: the most vital information (i.e. the information investor “must know”) being disclosed in a first layer and in a visually engaging way, layer 2 including information that investors “should know” and layer 3 “nice to know” information. This new approach to consumer disclosure should be supported by appropriate consumer testing.

- **A simplification effort** should also be made and information overload be avoided.

Does this imply the development of simpler products and/or the design of a specific label for simple products? Should this go hand in hand with reshaping the appropriateness and suitability regimes (as recently envisaged by the Commission)? NCAs are available to bring their experience to the table to reflect on these questions.

- Another important focus: the strategy should **consider and address emerging risks related to new trends and forms of trading.**

Digitalisation increases access to capital markets, especially through the use of trading apps. Those are mainly used by new types of investors who tend to be younger and take more risks. Non-regulated persons such as influencers provide (misleading) marketing messages and investment recommendations to investors on social media. Copy trading (where investors are invited to copy trade from other investors) is also developing. Not to mention the hype around crypto's.... In this regard, I very much welcome the recent legislative initiative in Spain to empower the CNMV to control crypto-assets advertising.

All these trends deserve proper attention and appropriate regulatory safeguards. In particular, firms shall ensure to comply at all times with their loyalty duty (the basic rule of conduct) in their relationship with retail clients. With this objective in mind, they should also monitor the impact nudging techniques have on client behavior.

I will **conclude** by quoting Churchill: *"To improve is to change; to be perfect is to change often"*. The world is changing and developments are happening fast. This is time to get on board and acknowledge that change is necessary. We must take full advantage of the benefits of innovation and digitalisation. To that end, Regulation should be future proof and not hinder the development of technologies, which ease access to capital markets. This goes however hand in hand with appropriate investor protection measures and can only be effective by enhancing financial literacy in Europe, which is a key complementary tool to build up trust and confidence in the financial markets.

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