

Brussels, 12 July 2011

Letter to the Chairman of ESMA, Mr. Steven Maijoor

Dear Sir,

We are writing to you in the name of the European Federation of Investors which represents the interests of the European investors, savers, and other financial services users. It already gathers 45 national organizations, and – through its members – more than 2 million European citizens.

On 12 April 2011, ESMA designated the members of its “securities and markets stakeholder group” established to facilitate ESMA’s consultation with “stakeholders” in Europe.

As our attached analysis of the Group’s membership shows, the 30 member Stakeholder Group includes four members representing “consumers”, i.e. the hundreds of millions of European citizens who save or invest in the products and buy the services of the financial services industries supervised by ESMA<sup>1</sup>. On the other hand, at least fourteen members are senior level professionals paid directly or indirectly by the financial services industry.

Indeed, several members of the Group labeled by ESMA as “users” of financial services are in fact part of the financial services industry itself or providers to it, i.e. paid by it and therefore not economically independent from it.

This contradicts the many public statements of European Authorities repeated since the financial crisis, committing them to make the voice of financial services users “*much more strongly heard on all financial issues*”, and to restore some balance between the representation of financial services providers and that of users<sup>2</sup>.

This is also violating in our view both the spirit and the wording of the new financial supervision regulations which require **a balanced proportion** between the representatives of:

- Financial services providers
- and of Financial services users<sup>3</sup>.

We are also disappointed to observe that all representatives of “market participants” are from the financial services industry, not one from individual investors. In the past, CESR – the

---

<sup>1</sup> Including the Managing Director of EuroInvestors, and we are certainly thankful for that.

<sup>2</sup> See for example : 4 March 2009 « *Driving EU recovery* » communication from the EC:  
«*The interests of European investors, consumers and SMEs, must be at the centre of the reform... The Commission will ... ensure that the voice of European investors is much more strongly heard on all financial issues*”.

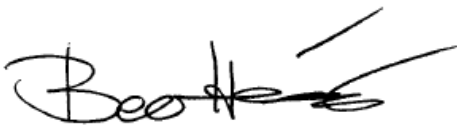
<sup>3</sup> “consumers”, “users”, “representatives of SMEs”, “beneficiaries”, “users of financial services”,

predecessor to ESMA – still considered individual investors such as shareholders and bondholders as “market participants”. It seems that ESMA no longer considers them as such, confirming the current trend of EU financial policies that marginalize further individual investors from the capital markets, favor the re-intermediation of capital markets by financial institutions, and focus solely on professional “market participants”.

Finally, we are also surprised to observe that the chief executive officer of one of the most powerful securities business firms was allowed to become a member of this European stakeholder group. This is a unique case to our knowledge, and a concerning one, as the voice of such a powerful individual may count more than the one of other members with much less resources and much more diversified interests to represent. We hope the future functioning of the Group will prove us wrong, but we shall monitor this issue very closely.

We respectfully ask the Board of ESMA, the European Commission and the European Parliament to take action to ensure a balanced representation of stakeholders that is not detrimental to the European users of savings and investment services.

Yours sincerely,



Jella Benner –Heinacher  
*President*



Jean Berthon  
*Vice-President*

- c.c. Michel Barnier, EU Commissioner, Internal Market & Services  
Jonathan Faull, Director General, Internal market & services, European Commission  
Pascal Canfin, Member of the European Parliament  
Sven Giegold, Member of the European Parliament  
Peter Skinner, Member of the European Parliament  
Ramon Tremosa, Member of the European Parliament

## **Annex 1**

### **The regulations regarding the composition of the European Financial Stakeholder Groups**

#### **EIOPA , Article 37**

2. The Insurance and Reinsurance Stakeholder Group shall be composed of 30 members, representing **in balanced proportions** insurance and reinsurance undertakings and insurance intermediaries operating in the Union, and their employees' representatives, as well as consumers, users of insurance and reinsurance services, representatives of SMEs and representatives of relevant professional associations.  
At least five of its members shall be independent top-ranking academics. Ten of its members shall represent insurance undertakings, reinsurance undertakings or insurance intermediaries, three of whom shall represent cooperative and mutual insurers or reinsurers.
3. The Occupational Pensions Stakeholder Group shall be composed of 30 members, representing in balanced proportions institutions for occupational retirement provision operating in the Union, representatives of employees, representatives of beneficiaries, representatives of SMEs and representatives of relevant professional associations.  
At least five of its members shall be independent top-ranking academics. Ten of its members shall represent institutions for occupational retirement provision.

#### **ESMA, article 37**

2. The Securities and Markets Stakeholder Group shall be composed of 30 members, representing **in balanced proportions** financial market participants operating in the Union, their employees' representatives as well as consumers, users of financial services and representatives of SMEs.  
At least five of its members shall be independent top-ranking academics. Ten of its members shall represent financial market participants.

#### **EBA, article 37**

2. The Banking Stakeholder Group shall be composed of 30 members, representing **in balanced proportions** credit and investment institutions operating in the Union, their employees' representatives as well as consumers, users of banking services and representatives of SMEs.  
At least five of its members shall be independent top-ranking academics. Ten of its members shall represent financial institutions, three of whom shall represent cooperative and savings banks.

## Annex 2

### First analysis of the ESMA stakeholder group membership

Analysis is in the last column, based on our own research.

#### **Selected to Represent Financial Markets Participants**

| <b>Name</b>                        | <b>Title</b>   | <b>Company Name</b>                     | <b>Nationality of company</b> | <b>Financial services industry relationship</b> |
|------------------------------------|--|---|-------------------------------|---|
| Mr Jean-Pierre Pinatton            | Chairman of the Supervisory Board  | Oddo & Cie                              | French                        | in  |
| Mr Xavier Rolet                    | Chief Executive Officer  | London Stock Exchange Group Plc.        | UK                            | in  |
| Ms Katerina-Christina Papageorgiou | Senior Legal Advisor   | EFG Eurobank Ergasias S.A               | Greek                         | in  |
| Dr Thomas Book                     | Executive Board Member   | Eurex Clearing AG, Frankfurt            | Germany                       | in  |
| Ms Sally Dewar                     | Managing Director  | JP Morgan                               | British                       | in  |
| Ms Adriana Tanasoiu                | Chief Executive Officer  | Depozitarul Central                     | Romanian                      | in  |
| Ms Anne Holm Rannaleet             | Senior Advisor   | IK investment Partners Ltd              | Swedish                       | in  |
| Ms Judith Hardt                    | Secretary General  | Federation of European Exchanges (FESE) | European                      | in  |
| Mr Roland Gaston-Bellegarde        | Group Executive Vice President & Head of European Execution and International Listings | NYSE Euronext                           | French                        | in  |
| Mr Ludo Bammens                    | Director   | Kohlberg Kravis Roberts                 | British                       | in  |

### **“Selected to Represent Users of Financial Services”**

| <b>Name</b>                      | <b>Title</b>   |  |          | <b>Financial services industry relationship</b> |
|----------------------------------|--|--|----------|---|
| Mr Carmine Di Noia               | Deputy Director General, Head Capital Markets and Listed Companies | Assonime   |          | User / Issuer                                   |
| Mr Pedro Quintans Ferreira Braga | Member of the Executive Council                                    | Companhia Portuguesa de Rating S.A                     |          | Provider (1)                                    |
| Mr Carlos Arenillas              | Chairman and Chief Executive Officer                               | Equilibria Investments S.I.L.                          | Spanish  | User/Institutional Investor                     |
| Mr Hans van Damme                | Vice Chair of the Supervisory Board of EFRAG                       | European Financial Reporting Advisory Group (EFRAG)    | European | In (2)  |
| Mr Peter De Proft                | Director General   | European Fund and Asset Management Association (EFAMA) | European | Provider (3)                                    |
| Mr Lars Hille                    | Member of the Board of Managing Directors                          | DZ BANK AG   | German   | Provider  |
| Mr Tjalling Wiersma              | Head of Legal & Compliance   | Shell Asset Management Company (SAMco)                 | Dutch    | User / Institutional Investor                   |

### **“Selected to Represent Representatives of Financial Services Employees”**

| <b>Name</b>        | <b>Title</b>       | <b>Company Name</b>   | <b>Nationality of company</b> |
|--------------------|--------------------|---|-------------------------------|
| Ms Sofia Argirova  | Vice Chair         | Association of the Bulgarian Investor Relations Directors (ABIRD) | Bulgarian                     |
| Ms Gabriele Zgubic | Head of Department | Austrian Federal Chamber of Labour                                | Austrian                      |

### **“Selected to Represent Consumers”**

| <b>Name</b>                     | <b>Title</b>  | <b>Company Name</b>  | <b>Nationality of company</b> | <b>Financial services industry relationship</b> |
|---------------------------------|---|--|-------------------------------|---|
| Mr Jarosław Dominiak            | President of the Management Board                     | Stowarzyszenie Inwestorów Indywidualnych (Association of Individual Investors) | Polish                        | User/Consumer                                   |
| Ms Dorothea Mohn                | Policy Officer Pension Schemes and Capital Investment | Federation of German Consumer Organisations (VZBV)                             | German                        | User/Consumer                                   |
| Mr Guillaume Prache             | Managing Director                                     | EuroInvestors  | European                      | User/Consumer                                   |
| Dr Zita Ceponyte                | President   | Lithuanian Consumer Institute (Lietuvos vartotojų institutas)                  | Lithuanian                    | User/Consumer                                   |
| Ms Sari Eeva Johanna Lounasmeri | Chief Executive Officer                               | Finnish Foundation for Share Promotion (Pörssisäätiö)                          | Finnish                       | User/Issuer (4)                                 |

### **“Selected to Represent Small and Medium Size Enterprises”**

| <b>Name</b>             | <b>Title</b>  | <b>Company Name</b> | <b>Nationality of company</b> | <b>Financial services industry relationship</b> |
|-------------------------|---|---------------------|-------------------------------|---|
| Mr Salvatore Bragantini | Advisor for the development of equity markets for SME's | Borsa Italiana      | Italian                       | In (5)  |

**« Selected to Represent Academics »**

In this analysis, we have not checked the relationships between the designated Academics and the financial services industry if any.

(1) Credit rating agencies are hired and paid by the issuers and the financial institutions

(2) All but one members of EFRAG are European associations of the financial services industry, or of providers of the industry (accountants and auditors, who are paid by the industry)

|                |   |
|----------------|---|
| BUSINESSEUROPE | European Business Federations                   |
| FEE            | Federation of European Accountants              |
| CEA            | European Insurance and Reinsurance Federation   |
| EBF            | European Banking Federation                     |
| ESBG           | European Savings Banks Group                    |
| EACB           | European Association of Co-operative Banks      |
| EFAA           | European Federation of Accountants and Auditors |

(3) The Fund and Asset Management Industry is obviously part of the financial services industry. Furthermore, this specific industry is under the direct supervision of ESMA

(4) Finnish Foundation for Share Promotion is a member of EuropeanIssuers

(5) This is obviously an executive of the Italian Stock Exchange, part of the financial services industry