

ESAs 2019 16

4 September 2019

**Mr Guersent**  
**Director-General**  
**European Commission**  
**1049 BRUXELLES**

## **Ref: Evidence of undue short-term from financial sector on corporations**

Dear Mr Guersent,

ESMA, EBA and EIOPA have received in February this year as a part of the actions announced in the Commission Action Plan: Financing Sustainable Growth, a call for advice from the European Commission to collect evidence of undue short-term pressure from the financial sector on corporations. Each of the ESAs are invited to collect evidence and present a report including possible advice on potential undue short-term pressure on corporations.

The ESAs are also invited to assess, if significant issues arise, whether these issues could be addressed by regulators and how. The ESAs are asked to base the reports on qualitative and, when feasible, quantitative sources with the initial advice based on representative data samples from public data sources. The ESAs are also encouraged to engage with the most relevant stakeholders. The delivery of the report is expected by the fourth quarter of 2019. The ESAs believe that this work stream, in addition to a literature review and looking for available quantitative data, also necessitates a solid stakeholder interaction effort and therefore launched their respective surveys in order to collect qualitative inputs and evidence from financial market participants. The collection of evidence and stakeholders' points of view, together with the corresponding internal analysis and reflections are indispensable steps in order to complement the existing data but they are also time consuming and need to happen before engaging in interim discussions with the European Commission.

With this letter we wish to inform you that the requirement in the European Commission's mandate asking the ESAs to provide interim draft reports and preliminary findings in mid-September to be discussed with the European Commission will in fact not be possible for the ESAs to meet. Even with a very condensed time-plan using the summer months to work on the analysis of stakeholder input it will not be possible for the ESAs to provide interim draft reports with a mid-September deadline, both due the time needed for analysis and as the ESAs governance structure including Board of Supervisors approval would not make such a report feasible.

The ESAs will, however, at staff level keep the European Commission closely informed of developments with regard to this work stream in September. The current planning of the ESAs include approval of the three different reports on short-termism in December 2019 on time for the delivery of the final report.

Yours sincerely,

Three handwritten signatures in blue ink are displayed horizontally. The first signature on the left is a cursive script that appears to read 'Gabriel Bernardino'. The middle signature is a stylized, somewhat abstract cursive script. The signature on the right is a simple, bold cursive script that appears to read 'Steven Maijoor'.

Gabriel Bernardino  
Chair, EIOPA  
Chair of the JC of the ESAs

José Manuel Campa  
Chair, EBA

Steven Maijoor  
Chair, ESMA