

PRESS RELEASE**Wirecard abuse review by ESMA reveals significant failures and conflicts of interests in national financial supervision and the need for effective collective redress for abused investors**

3 November 2020 - BETTER FINANCE thanks the European Securities and Markets Authority (ESMA) for its “peer review” report on the Wirecard scandal. It is quite revealing of the many failures and conflicts of interests that can plague even the most resourced national financial supervisors.

It is unfortunate however that ESMA did not look into the handling by the national supervisor of the clear and detailed warnings issued by the financial media - in particular, the detailed investigation of the Wirecard issues published by the Financial Times at the beginning of 2019 - months or years before the accounting fraud and scandal finally exploded. The only apparent reaction from BAFIN, the German national supervisor, to the FT investigation, was to sue the FT for alleged market manipulation. This reaction is all the more troublesome today in light of ESMA’s revelation that BAFIN employees were speculating on an increase of the Wirecard share price!

“This unprecedented scandal - in terms of the magnitude of the losses borne by European investors and pension savers (about 20 billion euros) - once again highlights two major unsolved issues regarding the integrity and fairness of European capital markets”, says Guillaume Prache, Managing Director of BETTER FINANCE:

- The need for a European Supervisor that is more independent from national competent authorities, as recommended recently by the High-Level Forum on Capital Markets Union (HLF CMU)¹. Today ESMA is supervised (through its Board of Supervisors) by the very same entities it is supposed to supervise!
- Despite another priority recommendation from the same HLF CMU and despite the Wirecard scandal, EU Authorities decided to still discriminate against abused individual non-professional shareholders and exclude them from the scope of the draft EU Directive on collective redress. As it stands, the abused EU citizens who bought Wirecard shares will still not have access to a Pan-European collective redress mechanism, available for all other consumers and individual investors who just buy “packaged” investment products.

This is not the best way to promote a *“Capital Markets Union that works for people”*.

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¹ [Final report](#) of the High-Level Forum on the Capital Markets Union - A new vision for Europe’s capital markets