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Targeted consultation on the listing act: making public capital markets more attractive for EU companies and facilitating access to capital for SMEs

Fields marked with * are mandatory.

Introduction

Background for this consultation

EU capital markets remain underdeveloped in size, notably in comparison to capital markets in other major jurisdictions. In particular, EU companies make less use of capital markets for debt and equity financing than their peers in other jurisdictions around the world, with a negative impact on economic growth and macroeconomic resilience.

In recognition of these issues, the Commission's new capital markets union (CMU) action plan of September 2020 has as one of its main objectives to ensure that companies, and in particular small and medium-sized enterprises (SMEs), have unimpeded access to the most suitable form of financing. Given the underdevelopment of market-based finance in the EU, the Commission highlighted the need to support the access of businesses in particular to public markets. Specifically, in Action 2 of the action plan, the Commission announced that it will assess whether the rules governing companies' listing on public markets need to be further simplified. Furthermore, Commission President von der Leyen announced in her letter of intent addressed to Parliament and the Presidency of the Council on 15 September 2021 a legislative proposal for 2022 to facilitate SMEs' access to capital.

In order to inform its further initiatives in this area, the Commission has already taken a number of steps. The Commission has commissioned studies on the topic of how to improve the access to capital markets by companies in the EU and on the functioning of primary and secondary markets in the EU. Furthermore, in October 2020, the Commission set up a Technical Expert Stakeholder Group (TESG) on SMEs to monitor the functioning and success of SME growth markets. In May 2021, the TESG published their final report on the empowerment of EU capital markets for SMEs with twelve concrete recommendations to the Commission and Member States to help foster SMEs' access to public markets. They build on the work already undertaken by the High Level Forum on capital markets union (CMU HLF) and on ESMA's recently published MiFID II review report on the functioning of the regime for SME growth markets.

Structure of this consultation and how to respond

In line with the better regulation principles, the Commission is launching this targeted consultation to gather evidence in the form of stakeholders' views on the need to make listing on EU public markets more attractive for companies and on

ways of doing so. The Commission is also seeking views regarding specific ways of listing, including via Special Purpose Acquisition Companies (SPACs). A special focus is dedicated to SMEs and issuers listed on SME growth markets.

For the purposes of this consultation, the reference to SMEs should be understood as encompassing both SMEs as defined in the Commission Recommendation 2003/361 and SMEs as defined in Article 4(1)(13) of MiFID II. The Commission Recommendation 2003/361 classifies as SMEs companies that employ fewer than 250 people and have a turnover not exceeding EUR 50 million and/or a balance sheet not exceeding EUR 43 million. MiFID II classifies SMEs as companies that had an average market capitalisation of less than EUR 200 million on the basis of end-year quotes for the previous three calendar years. The concept of SME growth markets was introduced by MiFID II as a new category of multilateral trading facilities (MTFs) to facilitate high-growth SMEs' access to public markets and increase their funding opportunities. In order to be registered as an SME growth market, an MTF must comply with the requirements laid down in Article 33 of MiFID II, including the rule that at least *'50% of issuers are SMEs'*.

This targeted consultation is available in English only. It is split into two main sections. The first section contains general questions and aims at gathering views on stakeholders' experience with the current listing rules and the possible need to adapt those rules. The second section seeks views from stakeholders on various technical aspects of the current listing rules, with questions grouped according to the legal act that they pertain to.

In parallel to this targeted consultation, the Commission is launching an open public consultation which covers only general questions and is available in 23 official EU languages. As the general questions are asked in both questionnaires, we advise stakeholders to reply to only one of the two versions (either the targeted consultation or the open public consultation) to avoid unnecessary duplications. Please note that replies to both questionnaires will be equally considered.

Views are welcome from all stakeholders. You are invited to provide feedback on the questions raised in this online questionnaire. We invite you to add any documents and/or data that you would deem useful to accompany your replies at the end of this questionnaire, and only through the questionnaire. Please explain your responses and, as far as possible, illustrate them with concrete examples and substantiate them numerically with supporting data and empirical evidence. This will allow further analytical elaboration.

You are requested to read the specific privacy statement attached to this consultation for information on how your personal data and contribution will be dealt with.

The consultation will be open for 12 weeks.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-listing-act@ec.europa.eu.

More information on

- this consultation
- the public consultation running in parallel
- the consultation document
- SME listing on public markets
- the protection of personal data regime for this consultation

About you

* Language of my contribution

- ○ Bulgarian
- ○ Croatian
- ○ Czech
- ○ Danish
- ○ Dutch
- ◉ English
- ○ Estonian
- ○ Finnish
- ○ French
- ○ German
- ○ Greek
- ○ Hungarian
- ○ Irish
- ○ Italian
- ○ Latvian
- ○ Lithuanian
- ○ Maltese
- ○ Polish
- ○ Portuguese
- ○ Romanian
- ○ Slovak
- ○ Slovenian
- ○ Spanish
- ○ Swedish

* I am giving my contribution as

- ○ Academic/research institution
- ◉ Business association
- ○ Company/business organisation
- ○ Consumer organisation
- ○ EU citizen

- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Le Quang

* Surname

TRAN VAN

* Email (this won't be published)

lq.tranvan@afep.com

* Organisation name

255 character(s) maximum

Association française des entreprises privées (AFEP)

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

953933297-85

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Djibouti
- Libya
- Saint Martin

- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden

- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States

- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* Field of activity or sector (if applicable)

- [ ] Operator of a trading venue (regulated market, MTF including SME growth markets, OTF)
- [ ] Operator of market infrastructure other than trading venue (clearing house, central security depositary, etc.)
- [ ] Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, pension funds)
- [ ] Broker/market-maker/liquidity provider
- [ ] Financial research provider
- [ ] Investment bank
- [ ] Accounting and auditing
- [ ] Insurance
- [ ] Credit rating agency

- [ ] Corporate, issuer
- [x] Other
- [ ] Not applicable

* Please specify your activity field(s) or sector(s)

Business association active in the following areas: sustainable finance, economy, taxation, company law and corporate governance, corporate finance and financial markets, competition, intellectual property and consumer affairs, labour law and social protection, environment and energy, corporate social responsibility and trade.

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **Fo r the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* **Contribution publication privacy settings**

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ( ) **Anonymous**
  Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.
- (•) **Public**
  Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

- [x] I agree with the personal data protection provisions

1. General questions on the overall functioning of the regulatory framework

The current EU rules relevant for company listing consist of provisions contained in a number of legal acts, such as the Prospectus Regulation, the Market Abuse Regulation (MAR), the Market in Financial Instruments Directive (MiFID II), the Market in Financial Instruments Regulation (MiFIR) the Transparency Directive and the Listing Directive. These rules primarily aim at balancing the facilitation of companies' access to EU public markets with an adequate level of investor protection, while also pursuing a number of secondary or overarching objectives.

Question 1. In your view, has EU legislation relating to company listing been successful in achieving the following objectives?

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
Ensuring adequate access to finance through EU capital markets	○	○	○	◉	○	○
Providing an adequate level of investor protection	○	○	○	◉	○	○
Creating markets that attract an adequate base of professional investors for companies listed in the EU	○	○	○	◉	○	○
Creating markets that attract an adequate base of retail investors for companies listed in the EU	○	○	○	◉	○	○
Providing a clear legal framework	○	○	◉	○	○	○
Integrating EU capital markets	○	○	○	○	○	◉

Please explain the reasoning of your answer to question 1:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A majority of Afep member companies are large non-financial and financial (banks and insurance companies) undertakings whose securities are listed on regulated markets. For large public-interest entities, EU legislation doesn't seem to be an obstacle to listing although costs and administrative burden could be lowered in certain areas : some alleviations and clarifications would be welcome to improve the legal framework in particular regarding some provisions of the Market Abuse Regulation (MAR) (see below our comments regarding the implementation of MAR). This said, the choice between different listing venues and different type of financing instruments (eg. equity vs debt) depends on other economic and strategic factors (low interest environment, stock valuation, proximity with consumers and main markets…). In this regard, Afep member companies consider that the questionnaire focuses too much on costs. As regards investors, companies consider that the level of protection seems to be sufficient and to strike the right balance. There is therefore no need to take additional measures in this area.

Afep member companies believe that it is essential to encourage an effective supervision that strikes the right balance between protecting investors and giving flexibility to issuers. In this regard, they believe that the European Commission must put in place a systematic "competitiveness test" to focus, before introducing new rules, on whether such new rules will weaken or strengthen European companies. Attention to unwanted consequences must increase.

They would also support the introduction of a competitiveness objective in the mandate of national competent authorities and the European Securities and Markets Authority (ESMA). This would reiterate that it is in our collective interest that the European Union benefits from strong, unified and competitive capital markets supported by European champions. Furthermore, we believe that effective supervision requires strong supervisory convergence among national regulators. Such initiatives would help reduce market fragmentation and are indispensable for the development of an effective Capital Markets Union.

As noted by numerous stakeholders and recognised in the CMU action plan, public listing in the EU is currently too cumbersome and costly, especially for SMEs. The Oxera report on primary and secondary equity markets in the EU stated that the number of listings in the EU-28 declined by 12%, from 7,392 in 2010 to 6,538 in 2018, while GDP grew by 24% over the same period. As a corollary of this, EU public markets for capital remain depressed, notably in comparison to public markets in other jurisdictions with more developed financial markets overall. Weak EU capital markets negatively impact the funding structure and cost of capital of EU companies which currently over rely on credit when compared to other developed economies.

Question 2. In your opinion, how important are the below factors in explaining the lack of attractiveness of EU public markets?

a) Regulated markets:

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
Excessive compliance costs linked to regulatory requirements	○	○	○	◉	○	○
Lack of flexibility for issuers due to regulatory constraints around certain shareholding structures and listing options	○	○	○	○	○	○
Lack of attractiveness of SMEs' securities	○	○	○	○	○	○
Lack of liquidity of securities	○	○	○	◉	○	○
Other	○	○	○	○	○	○

Please explain the reasoning of your answer to question 2 a):

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The costs and burdens associated with the regulatory requirements applicable to companies admitted to regulated markets are the most significant barrier to listing. While of course, there are other factors at play, and more should be done to increase liquidity to improve the attractiveness of public markets, it is still the regulatory costs that seem to be cited the most by prospective issuers. Therefore, Afep member companies strongly advocate for more simplification and harmonisation to make the process easier for issuers.
In particular, the Market Abuse Regulation (MAR) has increased the costs of listing (see below our comments on this specific point). Alleviations regarding MAR are necessary in order to ensure that the legal framework strikes the right balance between investor protection and costs of listing.
In 2017, the European Commission established an expert group on corporate bonds to advise the Commission on how to improve the functioning of corporate bond markets and in particular to improve liquidity on secondary markets. The experts group published their report in November 2017 including 22 recommendations pursuing six objectives: making issuance easier for companies; increasing access and options for investors; ensuring the efficiency of intermediation and trading activities; fostering the development of new forms of trading and improving the post-trade environment; ensuring an appropriate level of information and transparency; and improving the supervisory and policy framework. These recommendations were never implemented and the Commission could, with the benefit of hindsight, consider whether some of these recommendations are relevant in the context of this consultation and of the CMU action plan and should be implemented.

b) SME growth markets:

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
Excessive compliance costs linked to regulatory requirements	○	○	○	○	○	○
Lack of flexibility for issuers due to regulatory constraints around certain shareholding structures and listing options	○	○	○	○	○	○
Lack of attractiveness of SMEs' securities	○	○	○	○	○	○
Lack of liquidity of securities	○	○	○	○	○	○
Other	○	○	○	○	○	○

Please explain the reasoning of your answer to question 2 b):

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) Other markets (e.g. other MTFs, OTFs):

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
Excessive compliance costs linked to regulatory requirements	○	○	○	○	○	○
Lack of flexibility for issuers due to regulatory constraints around certain shareholding structures and listing options	○	○	○	○	○	○
Lack of attractiveness of SMEs' securities	○	○	○	○	○	○
Lack of liquidity of securities	○	○	○	○	○	○
Other	○	○	○	○	○	○

Please explain the reasoning of your answer to question 2 c):

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Companies, in particular SMEs, do not consider listing in the EU as an easy and affordable means of financing and may also find it difficult to stay listed due to on-going listing requirements and costs. More specifically, the new CMU action plan identified factors such as high administrative burden, high costs of listing and compliance with listing rules once listed as discouraging for many companies, especially SMEs, from accessing public markets. When taking a decision on whether or not to go public, companies weigh expected benefits against costs of listing. If costs are higher than benefits or if alternative sources of financing offer a less costly option, companies will not seek access to public markets. This *de facto* limits the range of available funding options for companies willing to scale up and grow.

Question 3. In your view, what is the relative importance of each of the below costs in respect to the overall cost of an initial public offering (IPO)?

a) Direct costs:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
Fees charged by the issuer's legal advisers for all tasks linked to the preparation of the IPO (e. g. drawing-up the prospectus, liaising with the relevant competent authorities and stock exchanges etc.)	○	○	○	○	○	○

Fees charged by the issuer's auditors in connection with the IPO	○	○	○	○	○	○
Fees and commissions charged by the banks for the coordination, book building, underwriting, placing, marketing and the roadshow	○	○	○	○	○	○
Fees charged by the relevant stock exchange in connection with the IPO	○	○	○	○	○	○
Fees charged by the competent authority approving the IPO prospectus	○	○	○	○	○	○
Fees charged by the listing and paying agents	○	○	○	○	○	○
Other direct costs	○	○	○	○	○	○

b) Indirect costs:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
The potential underpricing of the shares during the IPO by investment banks	○	○	○	○	○	○
Cost of efforts required to comply with the regulatory requirements associated with the listing process	○	○	○	○	○	○
Other indirect costs	○	○	○	○	○	○

Please explain the reasoning of your answer to question 3:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

After their initial listing, companies continue to incur a number of costs that derive from being listed. These costs can be both indirect such as those derived from compliance and regulation requirements and direct such as fees paid to the listing venue. In some cases companies may choose to voluntarily delist in order to avoid these costs which can be viewed as excessive, especially for SMEs.

Question 4. In your view, what is the relative importance of each of the below costs in respect to the overall costs that a company incurs while being listed?

a) Direct costs:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
Ongoing fees due by the issuer to the listing venue for the continued admission of its securities to trading on the listing venue	○	○	○	○	○	○
Ongoing fees due by the issuer to its paying agent	○	○	○	○	○	○
Ongoing legal fees due by the issuer to its legal advisors (if post-IPO external legal support is necessary to ensure compliance with listing regulations)	○	○	○	○	○	○

Fees due by the issuer to auditors if post-IPO, extra auditor work is necessary to ensure compliance with listing regulation	○	○	○	○	○	○
Corporate governance costs	○	○	○	○	○	○
Other direct costs (e.g. costs for extra headcount, costs allocated to investors' relationships, development and maintenance of a website)	○	○	○	◉	○	○

Please specify to what other direct costs you refer in your answer to question 4 a):

2000 character(s) maximum

Compliance costs related in particular with the provisions of MAR (see below our comments on this specific point).

b) Indirect costs:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable

Increased risk of litigation due to investor base and increased scrutiny and supervision derived from being listed	○	○	○	○	○	○
Other indirect costs	○	○	○	○	○	○

Please explain the reasoning of your answer to question 4:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to comply with all regulatory requirements such as those included in the MAR or the Prospectus Regulation, companies have to invest time and resources. This may be seen as a disproportionate burden compared to the advantages this may bring in terms of investors protection.

Question 5.1 In your view, does compliance with IPO listing requirements create a burden disproportionate with the investor protection objectives that these rules are meant to achieve?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not applicable

Please explain the reasoning of your answer to question 5.1:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Compliance costs related in particular with the provisions of MAR (see below our comments on this specific point).

Question 5.2 In your view, does compliance with post-IPO listing requirements create a burden disproportionate with the investor protection objectives that these rules are meant to achieve?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 5.2:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Generally speaking, requirements applicable to listed companies have steadily and significantly increased over the last decade generating additional compliance costs. In the context of this consultation, Afep member companies consider in particular that MAR has significantly strengthened the requirements for listed companies. Some provisions of MAR are considered disproportionate: the requirement to establish and update insider lists, managers' transactions notifications…Compliance with these requirements imposes to companies the necessity to put in place procedures, document decisions taken as regards the qualification of price sensitive information and ensure an audit trail generating additional work and therefore costs.

Public markets are not flexible enough to accommodate companies' financing needs. This lack of flexibility may be driven by regulatory constraints (e.g. concerning the ability of companies owners to retain control of their business when going public by issuing shares with multiple voting rights), as well as by the lack of legal clarity in relevant legislation (e.g. the conditions under which a company may seek dual listing). Regulatory constraints or legal uncertainty may discourage the use of public markets by firms that find requirements inadequate or unclear.

Question 6. In your view, would the below measures, aimed at improving the flexibility for issuers, increase EU companies' propensity to access public markets?

	Yes	No	Don't know - No opinion - Not applicable
Allow issuers to use shares with multiple voting rights when going public	(●)	( )	( )
Clarify conditions around dual listing	( )	(●)	( )
Lower minimum free float requirements	(●)	( )	( )
Eliminate minimum free float requirements	( )	(●)	( )
Other	( )	( )	(●)

Please explain the reasoning of your answer to question 6:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The lack of available company research and insufficient liquidity discourage investors from investing in some listed securities. Many securities issued by SMEs in the EU are characterised by lower liquidity and higher illiquidity premium, which may be the direct result of how these companies are perceived by investors, in particular institutional investors, who do not find them sufficiently attractive. Furthermore, institutional investors may fear reputational risk when investing in companies listed on multilateral trading facilities, including SME growth markets, given the lack of minimum corporate governance requirements for issuers on those venues.

Question 7. In your view, what are the main factors that explain why the level of institutional and retail investments in SME shares and bonds remains low in the EU?

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
Lack of visibility and attractiveness of SMEs towards investors leading to a lack of liquidity for SME shares and bonds	○	○	○	○	○	○
Lack of investor confidence in listed SMEs	○	○	○	○	○	○
Lack of tax incentives	○	○	○	○	○	○
Lack of retail participation in public capital markets (especially in SME growth markets)	○	○	○	○	○	○
Other	○	○	○	○	○	○

Please explain the reasoning of your answer to question 7:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2. Specific questions on the existing regulatory framework

Please click on the button Next to respond to the rest of the questionnaire.

2.1 Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market)

The Prospectus Regulation (Regulation (EU) 2017/1129), which started applying in July 2019, lays down the rules governing the prospectus that must be made available to the public when a company makes an offer to the public or an admission to trading of transferable securities on a regulated market in the EU. The prospectus is a legal document that contains information about the issuer (e.g. main line of business, finances and shareholding structure) and the securities offered to the public or to be admitted to trading on a regulated market. A prospectus has to be approved by the competent authority of the home Member State before the beginning of the offer or the admission to trading of the securities.

The Prospectus Regulation has been subject to targeted amendments

i. at the end of 2019 under the SME Listing Act
ii. in 2020 under the Crowdfunding Regulation
iii. and in 2021 under the capital markets recovery package

However, the prospectus regime remains to be seen by some as burdensome and unfit for attracting companies, in particular SMEs, to public markets. Both the CMU High Level Forum (HLF) and the TESG have highlighted that the process of drawing up a prospectus and getting it approved by the relevant national competent authority is expensive, complex and time-consuming and that targeted yet ambitious simplification of prospectus rules could reduce significantly compliance costs for companies and lower obstacles to tapping public markets.

This section aims at gathering respondents' views on the costs stemming from the application of the prospectus regime as well as on which requirements are most burdensome and how it would be possible to alleviate them without impairing investor protection and the overall transparency regime. Furthermore, this section aims to examine other aspects of the Prospectus Regulation, such as the functioning of the thresholds for exemptions from the obligation to publish a prospectus, the language regime and rules concerning the approval and publication of prospectuses.

2.1.1. Costs stemming from the drawing up of a prospectus

Analysis conducted by Oxera highlights that the efforts required to comply with the regulatory requirements associated with the listing process, and the litigation risk that could emerge, are often cited by industry practitioners as the most significant indirect costs of listing. In particular, many issuers stressed, as a high and growing cost to listing, the increased length and complexity of the prospectus documentation.

Question 8.1. As an issuer or an offeror, could you provide an estimation for the average cost of the prospectuses listed below (in EUR amount)? If necessary, please provide different estimations per type of prospectus (e.g. prospectus for an IPO, for a right issue, for a convertible bond, for a corporate bond, for an EMTN programme).

Prospectus Type	Estimation for the average cost in EUR
Standard prospectus for equity securities	
Standard prospectus for non-equity securities	
Base prospectus for non-equity securities	
EU growth prospectus for equity securities	
EU growth prospectus for non-equity securities	
Simplified prospectus for secondary issuances of equity securities	
Simplified prospectus for secondary issuances of non-equity securities	
EU recovery prospectus (currently available for shares only)	

Please explain the reasoning of your answer to question 8.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 8.2 Considering the total costs incurred by an issuer for the drawing up of a prospectus, please indicate what is the relative importance of each of the below costs in respect to the overall costs.

a) IPO prospectus

	Less than or equal to 10% of total costs	More than 10% and less than or equal to 20% of total costs	More than 20% and less than or equal to 40% of total costs	More than 40% and less than or equal to 50% of total costs	More than 50% of total costs	Don't know - No opinion - Not applicable
Issuer's internal costs	○	○	○	○	○	○
Auditors costs	○	○	○	○	○	○
Legal fees (including legal fees borne by underwriters for drawing-up the prospectus)	○	○	○	○	○	○
Competent authorities' fees	○	○	○	○	○	○
Other costs	○	○	○	○	○	○

b) Right issue prospectus

	Less than or equal to 10% of total costs	More than 10% and less than or equal to 20% of total costs	More than 20% and less than or equal to 40% of total costs	More than 40% and less than or equal to 50% of total costs	More than 50% of total costs	Don't know - No opinion - Not applicable

Issuer's internal costs						
Auditors costs						
Legal fees (including legal fees borne by underwriters for drawing-up the prospectus)						
Competent authorities' fees						
Other costs						

c) Bond issue prospectus

	Less than or equal to 10% of total costs	Greater than 10% and less than or equal to 20% of total costs	Greater than 20% and less than or equal to 40% of total costs	Greater than 40% and less than or equal to 50% of total costs	More than 50% of total costs	Don't know - No opinion - Not applicable
Issuer's internal costs						
Auditors costs						
Legal fees (including legal fees borne by underwriters for drawing-up the prospectus)						
Competent authorities' fees						
Other costs						

d) Convertible bond issue prospectus

	Less than or equal to 10% of total costs	More than 10% and less than or equal to 20% of total costs	More than 20% and less than or equal to 40% of total costs	More than 40% and less than or equal to 50% of total costs	More than 50% of total costs	Don't know - No opinion - Not applicable
Issuer's internal costs	○	○	○	○	○	○
Auditors costs	○	○	○	○	○	○
Legal fees (including legal fees borne by underwriters for drawing-up the prospectus)	○	○	○	○	○	○
Competent authorities' fees	○	○	○	○	○	○
Other costs	○	○	○	○	○	○

e) EMTN program prospectus

	Less than or equal to 10% of total costs	More than 10% and less than or equal to 20% of total costs	More than 20% and less than or equal to 40% of total costs	More than 40% and less than or equal to 50% of total costs	More than 50% of total costs	Don't know - No opinion - Not applicable
Issuer's internal costs	○	○	○	○	○	○
Auditors costs	○	○	○	○	○	○
Legal fees (including legal fees borne by underwriters for drawing-up the prospectus)	○	○	○	○	○	○

Competent authorities' fees						
Other costs						

Please explain the reasoning of your answer to question 8.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 9. What are the sections of a prospectus that you find the most cumbersome and costly to draft?

	1 (not burdensome at all)	2 (rather not burdensome at all)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
Summary	○	○	○	◉	○	○
Risk factors	○	○	○	○	◉	○
Business overview	○	○	○	◉	○	○
Operating and financial review	○	○	○	◉	○	○
Regulatory environment	○	○	◉	○	○	○
Trend information	○	◉	○	○	○	○
Profit forecasts or estimates	○	○	○	○	○	◉
Administrative, management and supervisory bodies and senior management	○	○	○	◉	○	○
Related party transactions	○	◉	○	○	○	○
Financial information concerning the issuer's assets and liabilities, financial position and profit and losses	○	◉	○	○	○	○
Working capital statement	○	○	◉	○	○	○
Statement of capitalisation and indebtedness	○	○	○	◉	○	○
Others	○	○	○	○	○	◉

Please explain the reasoning of your answer to question 9:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Companies consider that the most burdensome section of a prospectus is the description of risk factors. In particular, the requirement to prioritise the risks introduced by Regulation (EU) 2017/1129 (the Prospectus Regulation) imposes upstream – before the drafting of the prospectus or registration document – the implementation of a burdensome assessment process. As regards the presentation of risk factors, prioritization of risks factors significantly increases complexity and liability for issuers:

- not all the risks can be identified, assessed and quantified (reputational risk, for instance);
- materiality and probability of occurrence are very difficult to assess, given the different characteristics of risks and, as regards materiality, may be subjective: what are the most material risks to certain investors may not be for others;
- prioritization of risks factors could expose issuers to an unacceptable level of increased liability, given the potential for misclassification (risks are rapidly changing and evolving while lawsuits are brought with the benefit of hindsight).

Other burdensome sections are the summary, the business overview, the operating and financial review section (OFR), the corporate governance statement and the statement of capitalisation and indebtedness. Of course, the cumbersomeness of a specific section would also depend on the financial situation and the activities of companies: issuing a qualified working capital statement will always be more burdensome than issuing an unqualified statement, companies operating regulated activities will have a larger “regulatory environment” section. Therefore, to ensure that the disclosure requirements are appropriate, policy makers and authorities should always abide by the following key principles: restrict disclosure requirements to what is necessary bearing in mind that public companies already disclose many information, avoid requiring information that can be found elsewhere even in another form, foster incorporation by reference. In particular, the following alleviations should be considered:

- Full alignment of the content of the OFR with the content of the management report;
- Disclosure regarding the Board and Senior management could be aligned with the period covered by historical financial information (3 years for equity and 2 for non-equity);
- Disclosure regarding material contracts (contracts not entered in the ordinary course of business) should be redrafted because the current wording is very confusing and give rise to diverging interpretations and implementations;
- Remove the requirement to produce a capitalisation and indebtedness statement or – at least – the obligation to establish said statement at a date no earlier than 90 days prior to the date of the prospectus and to update it in case of material changes. Companies consider that the information provided by the capitalisation and indebtedness statement is redundant with the information included in the financial statements. Furthermore, when there are significant changes impacting the issuer’s financial condition, these changes would fall under the “significant changes in the issuer’s financial position” section. Therefore, all information useful to assess the issuer’s capitalisation and indebtedness would already be disclosed in the prospectus.

Question 10. As an issuer or an offeror, how much money do you consider saving with the EU growth prospectus compared to a standard prospectus (in percentage)?

	Less than or equal to 10%	More than 10% and less than or equal to 20%	More than 20% and less than or equal to 40%	More than 40% and less than or equal to 50%	More than 50%	Don't know - No opinion - Not applicable
EU growth prospectus for equity securities compared to a Standard prospectus for equity securities	○	○	○	○	○	◉
EU growth prospectus for non-equity securities compared to a Standard prospectus for non-equity securities	○	○	○	○	○	◉

Please explain the reasoning of your answer to question 10:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 11. As an issuer or offeror, how much money do you consider saving with the EU recovery prospectus, currently available only for shares, compared to a standard prospectus and a simplified prospectus for secondary issuances of equity securities (in percentage)?

	Less than or equal to 10%	More than 10% and less than or equal to 20%	More than 20% and less than or equal to 40%	More than 40% and less than or equal to 50%	More than 50%	Don't know - No opinion - Not applicable
EU recovery prospectus compared to a standard prospectus for equity securities	○	○	○	○	○	◉
EU recovery prospectus compared to a simplified prospectus for secondary issuances of equity securities	○	○	○	○	○	◉

Please explain the reasoning of your answer to question 11:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.1.2. Circumstances when a prospectus is not needed

The Prospectus Regulation currently lays down several exemptions for the offer of securities to the public (Article 1(4) and 3(2)) or the admission to trading of securities on a regulated market (Article 1(5)). Moreover, the Prospectus Regulation does not apply to offers of securities to the public below EUR 1 million, in accordance with the conditions laid down in Article 1(3).

Question 12.1 Would you be in favour of adjusting the current prospectus exemptions so that a larger number of offers can be carried out without a prospectus?

a) Exemptions for offers of securities to the public (Article 1(4) of the Prospectus Regulation):

Please select as many answers as you like

- [ ] i. An offer of securities addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors (Article 1(4), point (b))
- [ ] ii. An offer of securities whose denomination per unit amounts to at least EUR 100 000 (Article 1(4), point (c))
- [ ] iii. An offer of securities addressed to investors who acquire securities for a total consideration of at least EUR 100 000 per investor, for each separate offer (Article 1(4), point (d))
- [x] iv. Other exemptions

Please specify what changes you would propose to the exemption listed in point iv. and include, where relevant, your preferred threshold:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Companies advocate for a full exemption of prospectus for the offering and admission of securities issued in the context of a take-over bid by way of exchange offer and for merger and de-merger transactions. Today these transactions can benefit from an exemption of prospectus provided that a document is made public describing the transaction and its impact. In practice, this requirement can result in some Authorities requiring the filing of the information document before the transaction takes place and reviewing said document as they would do for a prospectus. Therefore, these transactions should be outside the scope of the prospectus regime because they are covered by other pieces of legislation and subject to specific disclosure requirements. An alternative option could be to amend the Prospectus Regulation to restrict the information included in the document to be published to benefit from this exemption to a description of the securities issued, and of the admission, and to forbid any ex ante review or control by the Competent Authority.

b) Exemptions for the admission to trading on a regulated market (Article 1(5) of the Prospectus Regulation):

Please select as many answers as you like

- [x] i. Securities fungible with securities already admitted to trading on the same regulated market, provided that they represent, over a period of 12 months, less than 20 % of the number of securities already admitted to trading on the same regulated market (Article 1(5), first subparagraph, point (a))

- [x] ii. Shares resulting from the conversion or exchange of other securities or from the exercise of the rights conferred by other securities, where the resulting shares are of the same class as the shares already admitted to trading on the same regulated market, provided that the resulting shares represent, over a period of 12 months, less than 20 % of the number of shares of the same class already admitted to trading on the same regulated market, subject to the second subparagraph of this paragraph (Article 1(5), first subparagraph, point (b))
- [x] iii. Other exemptions

Please specify what changes you would propose to the exemption listed in point i. and include, where relevant, your preferred threshold:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As regards the thresholds to benefit from an exemption of prospectus for the admission to trading of securities fungibles with existing securities and shares resulting from the conversion or exchange of other securities or from the exercise of rights, companies consider that they could be raised to 30% of existing securities or shares admitted to trading. Such increase would not lower investor protection since the securities are already listed and therefore the concerned issuer already makes public information regarding its activities, risks and financial situation. Furthermore, when an offer to the public is made prior to the admission, a prospectus would be published.
Companies also advocate for a full exemption of prospectus for the offering and admission of securities issued in the context of a take-over bid by way of exchange offer and for merger and de-merger transactions. Today these transactions can benefit from an exemption of prospectus provided that a document is made public describing the transaction and its impact. In practice, this requirement can result in some Authorities requiring the filing of the information document before the transaction takes place and reviewing said document as they would do for a prospectus. Therefore, these transactions should be outside the scope of the prospectus regime because they are covered by other pieces of legislation and subject to specific disclosure requirements. An alternative option could be to amend the Prospectus Regulation to restrict the information included in the document to be published to benefit from this exemption to a description of the securities issued, and of the admission, and to forbid any ex ante review or control by the Competent Authority.

Please specify what changes you would propose to the exemption listed in point ii. and include, where relevant, your preferred threshold:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As regards the thresholds to benefit from an exemption of prospectus for the admission to trading of securities fungibles with existing securities and shares resulting from the conversion or exchange of other securities or from the exercise of rights, companies consider that they could be raised to 30% of existing securities or shares admitted to trading. Such increase would not lower investor protection since the securities are already listed and therefore the concerned issuer already makes public information regarding its activities, risks and financial situation. Furthermore, when an offer to the public is made prior to the admission, a prospectus would be published.

Please specify what changes you would propose to the exemption listed in point iii. and include, where relevant, your preferred threshold:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Companies advocate for a full exemption of prospectus for the offering and admission of securities issued in the context of a take-over bid by way of exchange offer and for merger and de-merger transactions. Today these transactions can benefit from an exemption of prospectus provided that a document is made public describing the transaction and its impact. In practice, this requirement can result in some Authorities requiring the filing of the information document before the transaction takes place and reviewing said document as they would do for a prospectus. Therefore, these transactions should be outside the scope of the prospectus regime because they are covered by other pieces of legislation and subject to specific disclosure requirements. An alternative option could be to amend the Prospectus Regulation to restrict the information included in the document to be published to benefit from this exemption to a description of the securities issued, and of the admission, and to forbid any ex ante review or control by the Competent Authority.

c) Exemptions applicable to both the offer of securities to the public and admission to trading on a regulated market:

Please select as many answers as you like

- ☐ i. Non-equity securities issued in a continuous or repeated manner by a credit institution, where the total aggregated consideration in the Union for the securities offered is less than EUR 75 000 000 per credit institution calculated over a period of 12 months, provided that those securities: 1. are not subordinated, convertible or exchangeable; and 2. do not give a right to subscribe for or acquire other types of securities and are not linked to a derivative instrument (Article 1(4), point (j) and Article 1(5), first subparagraph, point (i)).
- ☐ ii. From 18 March 2021 to 31 December 2022, non-equity securities issued in a continuous or repeated manner by a credit institution, where the total aggregated consideration in the Union for the securities offered is less than EUR 150 000 000 per credit institution calculated over a period of 12 months, provided that those securities: 1. are not subordinated, convertible or exchangeable; and 2.do not give a right to subscribe for or acquire other types of securities and are not linked to a derivative instrument (Article 1(4), point (l), and Article 1(5), first subparagraph, point (k))
- ☐ iii. Other exemptions

Question 12.2 Would you consider that more clarity should be provided on the application of the various thresholds below which no prospectus is required under the Prospectus Regulation (e.g. on total consideration of the offer and calculation of the 12 month-period)?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 12.2.1 Please explain on which thresholds and on which elements more clarity is needed and explain your reasoning:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As known, according to Article 3(2) of the Prospectus Regulation, Member States may decide to exempt offers of securities to the public from the obligation to publish a prospectus provided that the total consideration of each such offer in the Union is less than an amount calculated over a period of 12 months which shall not exceed €8 million. In the event of a contextual offer of securities to both retail and professional investors, we would welcome more clarity on the application of the described exemption, given that divergent approaches seem to have been adopted by certain NCAs across the different European jurisdictions. In particular, it is our understanding that the exemptions provided under the Prospectus Regulation are stand-alone exemptions, meaning, for example, that an offer to the public of instruments to retail investors with a consideration below the €8 million constitutes an exemption and such exemption is maintained even in the case the €8 million threshold is reached by adding also the consideration of the offer addressed to only qualified investors (which does not equally trigger the obligation to publish a prospectus). Hence, we would welcome the Commission to clarify that in the event of a combined offer to retail and qualified investors, given that each exemption under the Prospectus Regulation is autonomous, no cumulation of consideration will have to be carried out and consequently no requirement to publish a prospectus is triggered in case the threshold set in Article 3(2) is not reached by the offer addressed to the retail tranche.

Question 12.3 Could any additional types of offers of securities to public and admissions to trading on a regulated market be carried out without a prospectus while maintaining adequate investor protection?

- ( ) Yes
- ( ) No
- (●) Don’t know / no opinion / not relevant

Question 13.1 The exemption thresholds in Articles 1(3) and 3(2) are designed to strike an appropriate balance between investor protection and alleviating the administrative burden on small issuers for small offers. If you consider that these thresholds should be adjusted so that a larger number of offers can be carried out without a prospectus, please indicate your preferred threshold in the table below.

Provision	Preferred Threshold
Article 1(3) of the Prospectus Regulation. Explanation: Offer of securities to the public with a total consideration in the Union of less than EUR 1 000 000, which shall be calculated over a period of 12 months, are out of scope of the Prospectus Regulation. **Existing Threshold: EUR 1 000 000**	
Article 3(2) of the Prospectus Regulation. Explanation: Member States may decide to exempt offers of securities to the public from the obligation to publish a prospectus provided that such offers do not require notification (passporting) and the total consideration of each such offer in the Union is less than a monetary amount calculated over a period of 12 months which shall not exceed EUR 8 000 000. **Existing Threshold: EUR 8 000 000 (Upper threshold)**	

Please explain the reasoning of your answer to question 13.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 13.2 Do you agree with Member States exercising their discretion over the threshold set out in Article 3(2) of the Prospectus Regulation with a view to tailoring it to national specificities of their markets?

- Yes
- No
- Don't know / no opinion / not relevant

Question 13.2.1 Please make an alternative proposal to the Member States exercising their discretion over the threshold set out in Article 3(2) of the Prospectus Regulation:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to encourage listings across the EU, and cross-border listings in particular, we suggest that the threshold of the total consideration of the offer to benefit from an exemption from the requirement to produce a prospectus (provided by art. 3(2) of the Prospectus Regulation) should be harmonised at €8 million throughout the EU (over a period of 12 months).

Please explain the reasoning of your answer to question 13.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to encourage listings across the EU, and cross-border listings in particular, we suggest that the threshold of the total consideration of the offer to benefit from an exemption from the requirement to produce a prospectus (provided by art. 3(2) of the Prospectus Regulation) should be harmonised at €8 million throughout the EU (over a period of 12 months).

2.1.3 The standard prospectus for offers of securities to the public or admission to trading of securities on a regulated market (primary issuances)

Several industry practitioners have stressed that the increasing length and complexity of the prospectus documentation is one of the most important costs associated to the listing process. According to a survey which analysed the average length of the IPO prospectus for the 10 most recent IPOs in the main EU markets as of March 2019, the median length

of an IPO prospectus was 400 pages in Europe, with significant divergence among countries, ranging from 250 pages in the Netherlands to over 800 pages in Italy.

The excessive length – and thus high cost – of a prospectus is deemed particularly challenging for smaller issuers of both equity and non-equity securities. Data show that there is currently little proportionality with respect to the length of the IPO prospectus based on the size of the issuer: the mean number of pages for issuers with a market capitalisation between EUR 150 million and EUR 1 billion is even higher than for issuers with a market capitalisation above EUR 1 billion (577 versus 514 pages, respectively).

General issues

Question 14.1 Do you think that the standard prospectus for an offer of securities to the public or an admission to trading of securities on a regulated market in its current form strikes an appropriate balance between effective investor protection and the proportionate administrative burden for issuers?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 15. Would you support introducing a maximum page limit to the standard prospectus?

- ( ) Yes
- (●) No
- ( ) Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 15:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For large companies, introducing a page limit would further complicate the drafting of prospectuses and increase administrative burden as experienced with summaries.Companies would have to prioritize, summarise and simplify information which could eventually impair the relevance, completeness and comprehensibility of prospectuses. The problem is the way the Prospectus Regulation is implemented and enforced. In particular some Competent Authority ask for additional information in prospectuses beyond what is required or necessary (re. risks factors for instance).

Prospectus summary

The prospectus summary is one of the three components of a prospectus (alongside the registration document and the securities note). Its purpose is to provide, in a concise manner and in non-technical language, the key information that investors need in order to understand the nature and the risks of the issuer, the guarantor and the securities that are being offered to the public or admitted to trading on a regulated market. The prospectus summary is to be read together with the other parts of the prospectus, to aid investors, particularly retail investors, when considering whether to invest in such securities. Views are welcome as to whether room for improvement exists.

Question 16. Do you believe that the prospectus summary regime has achieved its objectives (i.e. make the summary short, simple, clear and easy for investors to understand)?

	Yes	No	Don't know - No opinion - Not applicable
Summary of the standard prospectus (Article 7 of the Prospectus Regulation, excluding paragraph 12a)	◉	○	○
Summary of the EU growth prospectus (Article 33 of Commission Delegated Regulation (EU) 2019/980)	○	○	◉
Summary of the EU recovery prospectus (Article 7(12a) of the Prospectus Regulation)	○	○	◉

Incorporation by reference

The “incorporation by reference” mechanism allows the information contained in one of the documents listed in Article 19(1) of the Prospectus Regulation to be incorporated into a prospectus by including a reference. However, this information must have already been previously or simultaneously published electronically and drawn up in a language fulfilling the language requirements laid down in Article 27 of the Prospectus Regulation. Incorporation by reference facilitates the procedure of drawing up a prospectus and lowers the costs for issuers.

Question 17. Would you suggest any improvement to the existing rules on incorporation by reference, including amending or expanding the list of information that can be incorporated by reference?

- ○ Yes
- ◉ No
- ○ Don’t know/ no opinion / not relevant

Please explain the reasoning of your answer to question 17:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The standard prospectus for non-equity securities

In the Prospectus Regulation non-equity securities are subject to specific rules, such as the possibility to draw up a base prospectus (normally for offering programs) and the dual regime for retail non-equity securities versus wholesale non-equity securities. The latter are non-equity securities that have a denomination per unit of at least EUR 100 000 or that are to be traded only on a regulated market, or a specific segment thereof, to which only qualified investors can have access for the purposes of trading in those securities. Wholesale non-equity securities are exempted from the prospectus for the offer to the public and are entitled to a lighter prospectus for the admission to trading on a regulated market (e.g. no prospectus summary, flexible language requirement, lighter disclosures), as set out in Commission Delegated Regulation (EU) 2019/980.

Question 18.1 Do you think that the prospectus (including the base prospectus) for non-equity securities, with differentiated rules for the admission to trading on a regulated market of retail and wholesale non-equity securities, has been successful in facilitating fundraising through capital markets?

- (•) Yes
- ( ) No
- ( ) Don't know/ no opinion / not relevant

Please explain the reasoning of your answer to question 18.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, we believe that the distinctions within the retail and wholesale non-equity regimes have created a sufficient balance in terms of disclosure requirements based on the nature of the investor targeted and are welcomed by market participants. There is no empirical evidence to suggest otherwise – the current regime is clear and well understood by all market participants.

Question 18.2 Would you be in favour of further aligning the prospectus for retail non-equity securities with the prospectus for wholesale non–equity securities, to make the retail prospectus lighter and easier to be read?

- ( ) Yes
- (•) No
- ( ) Don't know/ no opinion / not relevant

Please explain the reasoning of your answer to question 18.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would not be in favour of this alignment as we believe that a strong balance has already been struck within the current regimes (as per response in 18.1). The disclosure exemptions contained within the wholesale regimes are appropriate as they are not relevant to qualified, sophisticated investors and would just result in additional, unnecessarily burdensome and costly disclosure requirements. However, retail issuances are typically aimed at a much broader pool of investors with varying levels of knowledge/expertise and therefore we feel the current distinctions are appropriate.

Question 18.3 Would you consider any other amendment to the existing rules?

- Yes
- No
- Don't know/ no opinion / not relevant

Please explain the reasoning of your answer to question 18.3:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.1.4. Prospectus for SMEs

SMEs and other categories of beneficiaries (e.g. mid-caps listed on an SME growth market) defined in Article 15(1) of the Prospectus Regulation, can choose to draw up an EU growth prospectus for offers of securities to the public, provided that they have no securities admitted to trading on a regulated market. The EU growth prospectus is more alleviated than a standard prospectus, as it contains less disclosures (e.g. board practices, employees, important events in the development of the issuer's business, operating and financial review) and in some cases more alleviated ones (e.g. principal activities, principal markets, organisational structure, investments, trend information, historical financial information, dividend policy). As this development is relatively recent, there is limited data available to assess whether the introduction of the EU growth prospectus has affected the average length of prospectuses for SMEs. However, feedback from market participants indicates that there has not been a substantial decrease in the length of documents submitted after July 2019.

Question 19. Do you believe that the EU growth prospectus strikes a proper balance between investor protection and the reduction of administrative burdens for SMEs?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 19:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.1.5. The format and language of the prospectus

Electronic Prospectus

The Prospectus Regulation sets out an obligation for issuers to provide a copy of the prospectus on either a durable medium or printed upon request of any potential investor. It has been noted that, due to the current prevalence of digital mediums, this may be an unnecessary cost and administrative burden for issuers.

Question 20. Do you agree that the above mentioned obligation should be deleted and that a prospectus should only be provided in an electronic format as long as it is published in accordance with Article 21 of the Prospectus Regulation?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 20:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, issuers are currently required to publish their prospectus documents electronically and they must be available for a period of 10 years after their publication on the websites. The removal of the requirement to also provide the prospectus to potential investors in a printed / durable medium form would remove unnecessary additional administrative burden and cost.

Language rules for the prospectus

The TESG in its final report argued that publishing a prospectus only in English, as the customary language in the sphere of international finance, independently from the official language of the home or host Member States could reduce the burden on companies offering securities in several Member States and contribute to creating a level playing field amongst market participants.

Question 21. Concerning the language rules laid down in Article 27 of the Prospectus Regulation, with which of the following statements do you agree?

- It should be allowed to publish a prospectus **only** in English, as the customary language in the sphere of international finance
- It should be allowed to publish a prospectus **only** in English, as the customary language in the sphere of international finance, except for the prospectus summary
- It should be allowed to publish a prospectus **only** in English, as the customary language in the sphere of international finance, for any cross-border offer or admission to trading on a regulated market, including when a security is offered/admitted to trading in the home Member State
- It should be allowed to publish a prospectus **only** in English, as the customary language in the sphere of international finance, for any cross-border offer or admission to trading on a regulated market, including when a security is offered/admitted to trading in the home Member State, except for the prospectus summary
- There is no need to change the current language rules laid down in Article 27 of the Prospectus Regulation
- Don't know/ no opinion / not relevant

2.1.6. The prospectus for secondary issuances of issuers already listed on a regulated market or an SME growth market and/or for transfer from a SME growth market to a regulated market

The Prospectus Regulation currently lays down a simplified regime for secondary issuances of companies whose securities have already been admitted to trading on a regulated market or on an SME growth market continuously and for at least the last 18 months. Such companies are already subject to periodic and ongoing disclosure requirements, such as under the Transparency Directive and the Market Abuse Regulation. It can therefore be argued that there is less of a need to require a prospectus for secondary issuances. A simplified prospectus for secondary issuances can also be used, in accordance with the conditions laid down in Article 14(1), point (d), of the Prospectus Regulation, to transfer from an SME growth market to a regulated market (aka "transfer prospectus").

Furthermore, the capital markets recovery package introduced the new EU recovery Prospectus regime (Article 14a of the Prospectus Regulation) to allow for a rapid re-capitalisation of EU companies affected by the economic shock of the COVID-19 pandemic. The EU recovery prospectus consists on a single document, of only 30 pages and includes a 2 page-summary (neither the summary nor the information incorporated by reference are taken into account to determine the page-size limit), focusing on essential information that investors need to make an informed decision. This new short-form prospectus is meant to be easy to produce for issuers, easy to read for investors and easy to scrutinise for national competent authorities. The EU recovery prospectus is only available for secondary issuances of shares of issuers listed on a regulated market or an SME growth market continuously and for at least the last 18 months. It is currently intended as a temporary regime.

The TESG in its final report highlighted the need to further simplify the prospectus burden for subsequent admissions to trading or offers of fungible securities and recommended that a new simplified prospectus (replacing the current simplified prospectus for secondary issuances), similar in its form to the EU recovery prospectus, be adopted on a permanent basis for secondary issuances and for transfers from an SME growth market to a regulated market, provided that specific conditions are satisfied.

Question 22. Do you agree that, for issuers that have already been listed continuously and for at least the last 18 months on a regulated market or an SME growth market, the obligation to publish a prospectus could be lifted for any subsequent offer to the public and/or admission to trading of securities fungible with existing securities already issued (with a prospectus) without impairing investors' protection?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 22:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Where the issuer is already listed and has complied with its periodic and on-going disclosure requirements (in particular pursuant to the provisions of the Transparency Directive and the Market Abuse Regulation), the full prospectus could be replaced by a short securities note focused only on the characteristics of the offer and/or admission and of the securities. The securities note would be published without approval from the Competent Authority (see option 2 below).

Question 22.1 Do you think that the regime for secondary issuances could nevertheless be simplified?

- ○ i. The obligation to draw up a prospectus should, for both the offer to the public and the admission to trading on a regulated market of securities fungible with existing securities which have been previously issued, be replaced with the obligation to publish a statement confirming compliance with continuous disclosure and financial reporting obligations
- ◉ ii. The obligation to draw up a prospectus should, for both the offer to the public and the admission to trading on a regulated market of securities fungible with existing securities which have been previously issued, be replaced with the obligation to publish an alternative admission or listing document (content to be defined at EU level). Such document should only be filed with the relevant national competent authority (i.e. neither subject to the scrutiny nor to the approval of the latter)
- ○ iii. The obligation to publish a prospectus should remain applicable (unless one of the existing exemptions apply) but only a prospectus significantly simplified and focusing on essential information should be required
- ○ iv. Other

- v. Don’t know/ no opinion / not relevant

If you chose option 22.1 (ii), please indicate what could be the main characteristics and content of such admission or listing document and how it would compare to the already existing ones? Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

When the issuer is known to the markets and updated information is available regarding the financial condition, perspectives and risks of the company, secondary issuances of securities (equity and non-equity) should be allowed on the basis of a single simplified document without prior approval by the Competent Authority. As a matter of fact, listed companies disclose a great amount of information on a periodic and ongoing basis (refer also to our answer to question 22 above). The URD could be used as a shelf-registration document to facilitate access to capital markets for companies benefiting from the status of frequent issuers. The Prospectus Regulation should be amended accordingly to maintain the passporting regime: frequent issuers could still on a voluntary basis ask for a visa in order to be able to request their Competent Authority to notify the issuance to another Competent Authority or a specific notification procedure could be introduced in order to notify the shelf-registration document as is already the case under Article 26 of the Prospectus Regulation for non-equity securities.
The information document to be published for both the offer and admission to trading of securities should build on existing requirements but with significant alleviations. Compared to existing requirements (Annex 12 of Delegated Regulation (EU) 2019/980) regarding equity securities for instance, this document should only focus on:

- The risk factors related to the securities;
- The reasons for the offer and/or admission when such information is not already public (eg.: a company refinancing an acquisition might have already made public the information that the acquisition will be refinanced by a secondary issuance, including the estimated amount of such issuance and its nature i.e. debt and/or equity);
- The working capital statement;
- A description of the characteristics of the securities and rights attached;
- The potential dilution;
- The terms and condition of the offer and/or admission.

Please refer also to our answer to question 22 above.

Question 23. Since the application of the capital markets recovery package, have you seen the uptake in the use of the EU recovery prospectus?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 23:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 24. Do you think that the EU Recovery prospectus should:

	Yes	No	Don't know - No opinion - Not applicable
i. Be extended on a permanent basis for secondary issuances of shares	○	○	○
ii. Be introduced on a permanent basis for secondary issuances of all types of securities (both equity and non-equity securities)	○	○	○
iii. Be used as a simplified prospectus for all cases set out in Article 14(1)	○	○	○
iv. Other	○	○	○

Please explain the reasoning of your answer to question 24:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.1.7. Liability regime

The obligation to publish a prospectus entails a civil liability regime for issuers. Infringements to the provisions of the Prospectus Regulation may lead to administrative sanctions and other administrative measures, in accordance with Article 38 of that Regulation and, depending on national law, criminal sanctions. The prospectus is sometimes referred to as a document that serves to shield from liability issues (i.e. the more information the better) rather than to support investors in taking informed investment decisions.

Question 25. Do you think that the current punitive regime under the Prospectus Regulation is proportionate to the objectives sought by legislation as well as the type and size of entities potentially covered by that regime?

○ Yes

- (●) No
- ( ) Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 25, notably in terms of costs:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the case of a legal person, the maximum administrative pecuniary sanctions is at least of EUR 5 000 000 or 3 % of the total annual turnover of that legal person. Afep member companies consider that these sanctions are inappropriate and should be removed. As a matter of fact Competent Authorities already have the power to suspend or prohibit the offer and/or admission of securities, measures that can have significant and dramatic consequences for a company but are much more effective in terms of investor protection. Allowing Competent Authorities to impose in addition a pecuniary sanction that would be calculated based on a percentage of the turnover of the company seems useless and disproportionate.

Question 26. Do you believe that the current civil liability regime under the Prospectus Regulation is adequately calibrated?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 27. Do you consider that the liability of national competent authorities’ (NCAs) in relation to the prospectus approval process is adequately calibrated and consistent throughout the EU?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 28. According to your opinion, which administrative pecuniary sanctions (as prescribed in Article 38(2) of the Prospectus Regulation) have a higher impact on an issuer’s decision to list?

	Pecuniary sanctions in respect of natural persons	Pecuniary sanctions in respect of legal persons
Issuers listed on SME growth markets	( )	( )
Issuers listed on other markets	( )	( )

Please explain the reasoning of your answer to question 28:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 29.1 Do you think that the maximum administrative pecuniary sanction for infringements laid down in Article 38(2) of the Prospectus Regulation in respect of legal persons should be decreased?

	Yes	No	Don't know - No opinion - Not applicable
Issuers listed on SME growth markets	○	○	◉
Issuers listed on other markets	◉	○	○

Question 29.1.1 Please specify to what level sanctions should be decreased:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our answer to question 25.

Please explain the reasoning of your answer to question 29.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 29.2 Do you think that the maximum administrative pecuniary sanction for infringements laid down in Article 38(2) of the Prospectus Regulation in respect of natural persons should be decreased?

	Yes	No	Don't know - No opinion - Not applicable
Issuers listed on SME growth markets	○	○	○
Issuers listed on other markets	○	○	○

Question 29.2.1 Please specify to what level sanctions should be decreased:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain the reasoning of your answer to question 29.2:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30. Do you think that the possibility of applying criminal sanctions in the case of non-compliance with any of the requirements specified in Article 38(1) of the Prospectus Regulation should be removed?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 30.1 Please specify for which requirements:

4000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.1.8. Scrutiny and approval of the prospectus

Article 20 of the Prospectus Regulation lays down harmonised rules for the scrutiny and approval of the prospectus, with a view to fostering supervisory convergence throughout the EU. Article 20 also sets out the timelines for approving the prospectus, depending on the circumstances and type of document (e.g. prospectus for a first time offer of unlisted issuers, prospectus for issuers already listed or that have already offered securities to the public, EU recovery prospectus, prospectus which includes a URD). The criteria for the scrutiny of prospectuses, in particular the completeness, comprehensibility and consistency of the information contained therein, and the procedures for the approval of the prospectus are further specified in Chapter V of Commission Delegated Regulation (EU) 2019/980.

Question 31. Do you consider that there is alignment in the way national competent authorities assess the completeness, comprehensibility and consistency of the draft prospectuses that are submitted to them for approval?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Question 31.1 Which material differences do you see across EU Member States (e.g. extra requirements and extra guidance being provided by certain national competent authorities)?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep members companies who have experience with different Competent Authorities consider that supervisory practices have converged. There are still however some diverging practices. We are aware that in certain jurisdictions additional documentation may be required in certain cases. We strongly advocate for a harmonised approach to the specific documentation that is required in the Prospectus Regulation, and the circumstances where such documentation is required should be clearly set out. It should also be clarified that National Competent Authorities should not be allowed to ask for additional documentation, over and above what is required under the Prospectus Regulation. We suggest that peer reviews can be helpful to identify if there are any issues so that supervisory convergence can be strengthened. We believe it is essential to encourage effective supervision that strikes the right balance between protecting investors and simplifying the process for issuers.

Question 32. Do you consider the timelines for approval of the prospectus as prescribed in Article 20 of the Prospectus Regulation adequate?

- ◉ Yes

- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 32:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 33.1 In its June 2020 report, the CMU HLF suggested that prospectuses could be made available to the public closer to the offer (e.g. in three working days). Should the minimum period of six working days between the publication of the prospectus and the end of an offer of shares (Article 21(1) of the Prospectus Regulation) be relaxed in order to facilitate swift book-building processes?

- (•) Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 33.1:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies consider that the minimum period of six working days should be removed in order to allow more flexibility to issuers, reduce the period during which the companies and the intermediaries are at risk and facilitate the book-building process. In addition, issuers should have the choice to decide to implement a maximum subscription period of three days, as this may increase the attractiveness of the inclusion of retail in the IPOs.

Question 33.2 Should a minimum period of days between the publication of a prospectus and the end of an offer be set out also for offer of non-equity securities, in particular to favour more retail participation?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 33.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Determination of the "Home Member State"

The Prospectus Regulation, Article 2(m), sets out rules for the determination of the home Member State. As a general rule, for issuers established in the EU, the home Member State corresponds to the Member State where the issue has its registered office. However, different rules apply for non-equity securities with a denomination per unit above EUR 1 000 and for certain non-equity hybrid securities for which the 'Home Member State' means the Member State where the issuer has its registered office, or where the securities were or are to be admitted to trading on a regulated market or where the securities are offered to the public, at the choice of the issuer, the offeror or the person asking for admission to trading on a regulated market.

Equity issuers established in the EU are therefore currently not able to choose their home Member State, while non-equity issuers established in the EU are allowed to do so, subject to the conditions laid down in Article 2(m), point (iii), of the Prospectus Regulation.

Question 34. Should the dual regime for the determination of the home Member State for non-equity and equity securities featured in Article 2(m) of the Prospectus Regulation be amended?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 34:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.1.9. The Universal Registration Document (URD)

Effective as of 2019, the co-legislators introduced a URD in the Prospectus Regulation, in line with the shelf registration principles already well-established in other financial markets, particularly in the US. A URD is a document that, after being approved for two consecutive years, is only to be filed each year (i.e. kept 'in the shelf') by frequent issuers. A URD contains information about company's organisation, business, financial position, earnings, etc., and facilitates the approval process of prospectuses of these issuers (e.g. approval time reduced by half) by national competent authorities. As a URD can be used for offers of both equity and non-equity securities, it is currently built on the more comprehensive registration document for equity securities.

The TESG in their Final Report highlighted that the URD regime, as currently designed, does not deliver on its objective, as only a very low number of issuers, and mostly in one Member State, have resorted to it.

Question 35. In your view, what are the main reasons for the lack of use of the URD among issuers across the EU?

Please select as many answers as you like

- [ ] The time period necessary to benefit from the status of frequent issuer is too lengthy
- [ ] The URD supervisory approval process is too lengthy
- [ ] The costs of regularly updating, supplementing and filing the URD are not outweighed by its benefits
- [ ] The URD content requirements are too burdensome
- [ ] The URD is not suitable for non-equity securities as it is built on the more comprehensive registration document for equity securities
- [ ] The URD language requirements are too burdensome
- [x] Other

Please specify to what other reason(s) you refer in your answer to question 35:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Many French companies publish a Universal Registration Document (URD) every year on a voluntary basis. This practice is long established in France and considered good practice in many ways. The establishment of a URD and the status of frequent issuer however could be considered by EU companies as burdensome and not offering significant benefits. In order to incentivize companies to publish an URD, a shelf-registration regime should be introduced to allow companies benefiting from the status of frequent issuer to rapidly and easily access capital markets. Please refer to our answer to question 22.1 above.

Please explain the reasoning of your answer to question 35:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 36. As the URD can only be used by companies already listed, should its content be aligned to the level of disclosures for secondary issuances (instead of primary issuances as currently) to increase its take up by both equity and non-equity issuers?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 36:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 37. Should the approval of a URD be required only for the first year (with a filing every year after)?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 37:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 38. Should a URD that has been approved or filed with the national competent authority be exempted from the scrutiny and approval process of the latter when it is used as a constituent part of a prospectus (i.e. the scrutiny and approval should be limited to the securities note and the summary)?

- (•) Yes
- No

- ○ Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 38:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our answer to question 22.1 above.

Question 39. Should issuers be granted the possibility to draw up the URD only in English for passporting purposes, notwithstanding the specific language requirements of the relevant home Member State?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 39:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 40. How could the URD regime be further simplified to make it more attractive to issuers across the EU?

Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our answer to question 22.1 above.

2.1.10. Other possible areas for improvement

Supplements to the prospectus

Article 23 of the Prospectus Regulation lays down rules for the supplement to the prospectus. As part of the Capital Market Recovery Package, the new paragraphs (2a) and (3a) were introduced with a view to providing more clarity on the obligation for financial intermediary to contact investors when a supplement is published, to increase the time window to do so and also to increase the time window for investors to exercise their withdrawal rights, where applicable. These new rules are only temporary and due to expire on 31 December 2022.

Question 41.1 Has the temporary regime for supplements laid down in Articles 23(2a) and 23(3a) of the Prospectus Regulation provided additional clarity and flexibility to both financial intermediaries and investors and should it be made permanent?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 41:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Align the publication arrangements of supplements with the publication arrangements of prospectuses.

Question 41.2 Would you propose additional improvements? Please explain your reasoning:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Equivalence regime

Article 29 of the Prospectus Regulation enables third country issuers to offer securities to the public in the EU or seek admission to trading on an EU regulated market made under a prospectus drawn up in accordance with the laws of third country, subject to the approval of the national competent authority of the EU home Member State, and provided that

i. the information requirements imposed by those third country laws are equivalent to the requirements under the Prospectus Regulation

ii. and the competent authority of the home Member State has concluded cooperation arrangements with the relevant supervisory authorities of the third country issuer in accordance with Article 30.

The Commission is empowered to adopt Delegated Acts to establish general equivalence criteria, based on the requirements laid down in Article 6, 7, 8 and 13 (essentially disclosure requirements only). The current rules are considered not workable, including the rules to adopt general equivalence criteria.

Question 42. Do you believe that the equivalence regime set out in Article 29 of the Prospectus Regulation, which is difficult to implement in its current version, should be amended to make it possible for the Commission to take equivalence decisions in order to allow third country issuers to access EU markets more easily with a prospectus drawn up in accordance with the law of a third country?

- Yes
- No
- Don't know / no opinion / not relevant

Other

Question 43. Would you have any other suggestions on possible improvements to the current prospectus rules laid down in the Prospectus Regulation?

Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2. Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse)

The Market Abuse Regulation ('MAR') entered into full application in 2016, it provides requirements for market participants to ensure the integrity of the financial markets.

In view of the periodic review of MAR, the European Commission, in March 2019, requested ESMA to provide a technical advice on the review of MAR on a number of topics (including the notion of inside information, the conditions for delaying the disclosure of inside information, insider lists, managers' transactions and sanctions). On 3 October 2019, ESMA publicly consulted the market on its preliminary view of the technical advice. The consultation ended on 29 November 2019 and received 97 responses. In September 2020, ESMA published its technical advice addressing all

the topics on which the Commission asked advice on and identified several other provisions which were considered important to review in MAR ('ESMA TA'). According to ESMA, both the feedback to the consultation and NCAs experience indicate that, overall, the regime introduced by MAR works well. Accordingly, only a few targeted changes to the legislative framework have been recommended, sometimes to provide guidance at level 3 (e.g. on inside information and delayed disclosure of inside information). However, according to the CMU HLF and the TESG reports, there are a number of MAR provisions and requirements that may sometimes act as a disincentive for companies to list and remain listed on regulated markets and/or MTFs. The cost of complying with these requirements is deemed high, especially for SMEs. The legal uncertainty arising from certain provisions is indicated as an additional source of costs. Finally, the sanctioning regime is considered not proportionate and a discouraging factor for going and remaining public.

While the market abuse regime is crucial to safeguard market integrity and investor confidence, the Commission aims to assess if there is room for some targeted amendments and alleviations in the requirements laid down by MAR, in order to ensure proportionality and reduce burdens.

2.2.1. Costs and burden stemming from MAR

Question 44. For each of the MAR provisions listed below, please indicate how burdensome the EU regulation is for listed companies:

Definition of “inside information”:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	◉	○	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

Disclosure of inside information:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	◉	○	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

Conditions to delay disclosure of inside information:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	◉	○	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

Drawing up and maintaining insiders lists:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	○	◉	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

Market sounding:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	◉	○	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

Disclosure of managers' transactions:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	○	◉	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

Enforcement:

	1 (not burdensome at all)	2 (rather not burdensome)	3 (neutral)	4 (rather burdensome)	5 (very burdensome)	Don't know - No opinion - Not applicable
For all companies	○	○	○	◉	○	○
For issuers listed on SME growth markets	○	○	○	○	○	◉

If there are other MAR provisions that you find burdensome for listed companies, please specify which ones and indicate to what extent they are burdensome for listed companies:

4000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Reporting requirements related to the implementation of share buy-back programmes are rather burdensome : under Article 5(3) of MAR, in order for its buyback programme to benefit from the exemption from application of certain provisions of MAR, the issuer must report each transaction relating to the buy-back programme not only to the National Competent Authorities (NCA) of the trading venues on which the shares are admitted to trading but also to those of each trading venue where they are traded. This requirement is burdensome for issuer and, in its final report on the review of MAR dated 23 September 2020 (ESMA70-156-2391), ESMA put forward different options to simplify the reporting of share buy-backs. Afep member companies consider that it is necessary to modify the reporting mechanism under Article 5(3) of MAR and support option 2 put forward by ESMA ("Reporting to the NCAs of the jurisdictions where the issuer requested admission to trading or, where relevant, approved trading"). Option 2, in practice, would result for most Afep members in reporting to only one NCA and would be consistent with the criteria for determining the Home Member State (and the Home NCA) under the Transparency Directive and the Prospectus Regulation.

Please explain the reasoning of your answer to question 44, and, if possible, provide supporting evidence, notably in terms of costs (one-off and ongoing costs):

4000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2.2. Scope of application of MAR (Article 2)

According to Article 2(1)(b), MAR applies to financial instruments traded or admitted to trading on a multilateral trading facility (MTF) or for which a request for admission to trading on an MTF has been made. In the latter case, MAR would start to apply with respect to companies that have only submitted a request but are not yet trading on an MTF. Some stakeholders underline that, as securities are not yet traded at the moment of the submission of a request, investors cannot acquire them and hence the protections under MAR are not necessary.

Question 45. In your opinion, if MAR requirements started applying only as of the moment of trading, would there be potential cases of market abuse between the submission of the request for admission to trading and the actual first day of trading?

- Yes

- ◉ No
- ○ Don’t know / no opinion / not applicable

Please explain the reasoning of your answer to question 45:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies consider that MAR requirements should only apply to companies once their securities are traded on a regulated market or an MTF.

2.2.3. The definition of “inside information” and the conditions to delay its disclosure

Currently the notion of inside information makes no distinction between its application in the context, on the one hand, of market abuse and, on the other hand, of the obligation to publicly disclose inside information. However, inside information can undergo different levels of maturity and degree of precision through its lifecycle and therefore it might be argued that in certain situations inside information is mature enough to trigger a prohibition of market abuse but insufficiently mature to be disclosed to the public.

According to stakeholders, the current definition of inside information may raise problems, notably (i) for the issuer, the problem of identification of when the information becomes “inside information” and (ii) for the market, the risk of relying on published information which is not yet mature enough to make investment decisions.

ESMA, however, considers that the current definition of inside information “*strikes a good balance between being sufficiently comprehensive to cater for a variety of market abuse behaviours, and sufficiently prescriptive to enable market participants, in most cases, to identify when information becomes inside information*” and recommended to leave the definition unchanged. ESMA however acknowledged that clarifications were sought by stakeholders both on the general interpretation of certain paragraphs of Article 7 of MAR (for instance, as regards intermediate steps, or the level of certainty needed to consider the information as precise), and on concrete scenarios. Therefore, ESMA stands ready to issue guidance on the definition of inside information under MAR.

Question 46. Do you consider that clarifications provided by ESMA in the form of guidance would be sufficient to provide the necessary clarifications around the notion of inside information?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not applicable

Please explain the reasoning of your answer to question 46:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies consider that the current definition of inside information should not be amended. They would welcome clarifications from ESMA in the form of guidance and case studies regarding, in particular the following points:
- The second condition to allow the delay of disclosure (not likely to mislead the public) should be clarified since inside information, by definition, is expected to have a significant influence on the decisions by investors to trade on securities. As a consequence, any delay could potentially mislead the public. It is also very difficult for issuers to assess beforehand the potential effect of any piece of inside information on the prices of financial instruments. Issuers have pointed out, in particular, the case where information becomes obsolete. ESMA could address the situation where inside information becomes obsolete and does not require any disclosure.
- Another issue with the new delay rules is the fact that issuers have to react to rumours. ESMA's interpretation is that the leak of the rumour does not have to necessarily come from the sphere of the issuer in order to trigger the duty to disclose the inside information. Issuers could therefore face the risk that a legitimately delayed information must be disclosed prematurely because of rumours stemming from external sources. The review of MAR should address this problem by clarifying that the leak should be new, sufficiently precise, persistent and have an impact on the price of the financial instruments of the issuer to trigger the obligation to disclose inside information, otherwise a no comment policy is possible.
In relation to debt markets, it is very difficult to determine if information will have a "significant effect on the price of the debt instrument if made public". We suggest guidance is provided as to how this should be applied to issuers of debt securities or a more specific tailored regime should be considered.

In some jurisdictions outside the EU, in addition to regulatory quarterly reports, issuers are only under the obligation to publicly disclose, on a rapid and current basis, information about material changes that might take place between quarterly reports, in relation to a pre-determined number of events. Those events are predefined and include the entry into (or termination of) a material definitive agreement, the issuer filing for bankruptcy or receivership, a material acquisition or disposition, a modification of the rights of security holders or the appointment or departure of directors or key managers. There may also be other types of inside information that the company would not be obliged to disclose publicly but may decide to do so nevertheless on a voluntary basis.

Question 47.1 Do you consider that a system relying on the concept of material events for the disclosure of inside information would provide more clarity?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 47.1:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The definition of inside information laid down in MAR has not significantly changed compared to the Market Abuse Directive. The criteria to determine inside information have thus been in force for many years and companies are familiar with these criteria. Therefore, Afep member companies are not in favor of changing the definition of inside information: the current definition is sufficient for combatting market abuse and should not be changed.

Question 47.2 In your opinion, would such a system pose any challenge to the integrity of the market?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 47.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

> Companies consider that the introduction in MAR of two definitions of inside information, one triggering the prohibition to trade in the securities and another one the disclosure obligation, is not appropriate. This would make the market abuse rules more complicated and raise legal and practical issues (what criteria or conditions would allow to distinguish the different types of information?). This would also not allow any significant alleviations in terms of compliance costs, since companies would still have to establish and update insider lists (when the inside information reaches the first stage triggering the trading prohibition) and document the fact that said inside information was not sufficiently certain to be made public.

Article 17(4) of MAR allows, under specified conditions, to delay the disclosure of inside information. The regime of delayed disclosure of inside information is intimately interconnected with the definition of inside information. Any clarifications provided on delayed disclosures would thus have *de facto* an impact on when the information has to be considered as inside information.

Some stakeholders underline that there are currently interpretative challenges around the conditions to delay disclosure, especially in relation to when the delay is not likely to mislead the public. ESMA in its final report acknowledged the existence of interpretative challenges, but did not consider it necessary to amend the conditions for the application of the delay finding them reasonable and aligned with the overall market abuse regime. However ESMA engaged into revising its guidelines on delay in the disclosure of inside information.

Question 48. Do you consider that the revision of ESMA's Guidelines on delay in the disclosure of inside information would be sufficient to provide the necessary clarifications?

- ( ) Yes
- (●) No
- ( ) Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 48:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 48.1 Please indicate what changes you would propose to Article 17 (4) MAR and explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies support the publication by ESMA of guidance and case studies to clarify the conditions for delaying the disclosure of inside information (please refer to our answer to question 46 a). They consider however that additional legislative measure would be necessary. In particular, companies consider that the provision laid down in article 17.4 of MAR requiring any issuer who has delayed the disclosure of inside information to inform the competent authority that disclosure of the information was delayed and to provide a written explanation of how the conditions were met, should be repealed. As mentioned above, assessing in particular whether the delay will or will not be misleading is a critical issue. This could result in issuers, in order to protect themselves against any liability, either to overwhelm the competent authorities with notifications or refrain from notifying. In this regard, the SME regulation amended MAR by introducing an exemption for issuers whose financial instruments are only admitted to trading on an SME growth market : these issuers shall provide a written explanation to the competent authority only upon request and, as long as, they are able to justify their decision to delay, it shall not be required to keep a record of that explanation. Afep member companies consider that this exemption should apply to all issuers listed on regulated markets and MTFs.

2.2.4. Disclosure of inside information for issuers of bonds only

The TESG underlines that plain vanilla bonds are less exposed to risks of market abuse due to the nature of the instrument and, as a consequence, argues that the disclosure of all inside information for debt issuers (either positive or negative) only would be burdensome and not justified.

Question 49. Please specify whether you agree with the following statements:

Issuers that only issue plain vanilla bonds should:

	Yes	No	Don't know - No opinion - Not applicable
have the same disclosure requirements as equity issuers	○	◉	○
disclose only information that is likely to impair their ability to repay their debt	◉	○	○

Please explain the reasoning of your answer to question 49, notably in terms of costs (one-off and ongoing costs):

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The MAR provisions, in general, are deemed to be too onerous for bond issuers as they are not sufficiently tailored to the characteristics of debt securities. The provisions related to inside information in respect of debt markets are still, in the experience of bond-only issuers, overly detailed and prescriptive. The current test to determine 'significant effect on the prices of financial instruments' is very difficult to apply to the debt market, in contrast to the more liquid equity markets. Therefore, the information required to be disclosed should be limited to such information that would directly influence their ability to meet the repayment obligations of their debt issuances.

2.2.5. Managers' transactions

Under MAR, the Person Discharging Managerial Responsibilities (PDMR) or associated person must notify the issuer (either on a regulated market or a MTF, including SME growth market) and the competent authority of every transaction conducted for their own account relating to those financial instruments, no later than three business days after the transaction. The obligation to disclose a manager's transaction only applies once the PDMR's transactions have reached a cumulative EUR 5 000 within a calendar year (with no netting). A national competent authority may decide to increase the threshold to EUR 20 000. Issuers must ensure that transactions by PDMRs and persons closely associated with are publicly disclosed promptly and no later than two business days after the transaction.

Most respondents to the consultation launched by ESMA in the context of the technical advice for the Review of MAR (ESMA final report on MAR review, paragraph 8.2) considered that the current threshold (EUR 5 000) for managers' transaction is too low and that it could result in disclosing not meaningful transactions. Those respondents prefer a higher thresholds harmonised within the EU (possibly at the optional threshold of EUR 20 000). ESMA, however, recommended not to amend such requirement considering that the current threshold is appropriate in several Member States to provide for a fair picture of managers transactions. ESMA also recommended not to amend the reporting methodology for subsequent transactions or the regime for the disclosure of closely associated persons. On the contrary, both the TESG final report and the CMU HLF final report propose to increase the threshold for managers' transactions. Moreover, the TESG holds that the requirement to keep a list of closely associated persons should be repealed, as it entails costs that are disproportionate to the benefits offered.

In order for the Commission to strike the right balance between the burden associated with these requirements and the specific need for an efficient supervision of the integrity of the financial markets it is useful to gather quantitative data on how much those requirements weight on issuers.

Question 50. Do you believe that the minimum amount of EUR 5 000 provided in Article 19(8) MAR should be increased without harming the market integrity and investor confidence?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 50:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The notification of managers' transactions under MAR has become over burdensome, in particular due to the extension of the scope of notification to transactions that were previously excluded under MAD and must now be notified. Managers' and closely associated persons' transactions notifications should only be regarded as a preventive measure and not as a means of informing the public and investors. The paradox would be that investors would pay more attention to transactions notifications than to other regulated information disclosed by public companies (e.g. financial reports published under the Transparency Directive). The increase in the volume of notifications is thus counterproductive and diminishes the efficiency of this preventive measure.
In order to reduce administrative burden while avoiding to provide misleading information for the market, we would propose to raise the threshold for managers' transactions. The current threshold is very low and is calculated by adding together all transactions completed during a calendar year, without compensation (after exceeding this threshold, all transactions including those for smaller amounts must be disclosed).
We suggest that the minimum threshold should be increased to €50,000 and this should be harmonized across the EU. In our view, this threshold would strike the right balance between ensuring transparency in the market and minimizing the burden on issuers.

Question 50.1 Please specify to what level the minimum amount set out in Article 19(8) should be increased and for which groups of issuers:

	EUR 10 000	EUR 15 000	EUR 20 000	EUR 50 000	Other	Don't know / No opinion / Not applicable
Issuers listed on SME growth markets	○	○	○	○	○	◉
Issuers listed on other markets	○	○	○	◉	○	○

Question 51. Do you agree with maintaining the discretion for national competent authorities to increase the threshold set out in Article 19(8)?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 51:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies support full harmonisation as regards the threshold of notification. This would facilitate compliance of issuers listed in different Member States.

Question 52.1 If you are an issuer to whom MAR applies or an NCA, please specify how many notifications you have received in the last 2 years according to Article 19(1):

	Threshold of EUR 5 000	Threshold of EUR 20 000
2019		
2020		

Question 52.2 How would the above figures change in case of an increased threshold under Article 19(8) of MAR?

(Percentages represent how many less notifications (in % terms) would you receive in case of an increased threshold under Article 19(8))

	EUR 10 000	EUR 15 000	EUR 20 000	EUR 50 000	Other	Don't know - No opinion - Not applicable
0% -10%	○	○	○	○	○	○
11% -20%	○	○	○	○	○	○
21% -35%	○	○	○	○	○	○
36% -50%	○	○	○	○	○	○
more than 50%	○	○	○	○	○	○

Please explain the reasoning of your answer to question 52.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 53.1 Please provide the approximate level of costs related to disclosure of managers' transactions in the last 2 years:

	Threshold of EUR 5 000	Threshold of EUR 20 000
2019		
2020		

Please explain the reasoning of your answer to question 53.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 53.2 Please provide the estimated level of cost savings (in % terms) in case of an increased threshold under Article 19(8):

(Percentages represent the estimated cost savings (in % terms) in case of an increased threshold in Article 19 (8))

	EUR 10 000	**EUR 15 000**	**EUR 20 000**	**EUR 50 000**	**Other**	Don't know - No opinion - Not applicable
0% -10%	○	○	○	○	○	○
11% -20%	○	○	○	○	○	○
21% -35%	○	○	○	○	○	○
36% -50%	○	○	○	○	○	○
more than 50%	○	○	○	○	○	○

Please explain the reasoning of your answer to question 53.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 54. Would you consider that public disclosure of managers' transactions should always be done by:

- ○ Issuer
- ◉ National competent authority
- ○ Either by issuer or national competent authority, depending on national law (status quo)
- ○ Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 54:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In France, managers' transactions are notified to the Competent Authority and published by the Authority. This organisation offers a centralised access to managers' transaction notifications and allows the Competent Authority to perform verification on random samples of notifications to ensure accuracy and compliance of said notifications.

Question 55. Do you consider that ESMA's proposed targeted amendments to Article 19(12) MAR are sufficient to alleviate the managers' transactions regime?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 55:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies welcome the changes to Article 19 recommended in ESMA's report on the review of MAR. they consider however that additional clarifications are necessary (see below).

Question 55.1 Please indicate if you would support the following changes or clarifications to the managers' transactions regime:

	I support	I do not support	Don't know - No opinion - Not applicable
The thresholds should be applied in a non-cumulative way (i.e. each transaction is to be assessed against the threshold)	○	○	◉
Clear guidance should be provided on what types of managers' transactions need to be disclosed, as well as the scope of the relevant provisions in the context of different types of transaction, beyond the targeted amendments already proposed by ESMA	◉	○	○
The requirement of keeping a list of closely associated persons should be repealed	◉	○	○
Other	○	○	◉

Please explain the reasoning of your answer to question 55.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The scope of the transactions' notification should be clarified. Transactions which do not provide any signal to the markets should not be notified (e.g. donations, inheritances). It should also be clarified that no notification is required for shares granted for free and stock-options at the time of their allocation: the moment shares are granted for free to persons discharging managerial responsibilities (PDMRs) should not be notified since there is no decision by the PDMR and hence no signalling value for the markets. The same reasoning should apply when the shares are vested. Notification should only happen when the shares are delivered physically and when they are sold. Likewise, no notification should be required when stock-options are granted. Only the exercise of the option and the disposal of the underlying securities should be notified. A different interpretation would imply a duplication of notifications and unjustified additional burden for issuers.

Furthermore, the requirement of keeping a list of closely associated persons should be repealed: Article 19 of MAR requires companies to gather very sensitive information from PDMRs relating to their personal life and to maintain this information up-to-date. This requirement is burdensome considering the number of PDMRs and closely associated persons concerned. To remedy this situation, we suggest reverting to the pre-MAR situation, where PMDRs would no longer be required to intermediate in transferring the information on the trades made by closely related persons to the issuer. This way, issuers would not be obliged to keep the lists of PMDRs' closely related persons. An alternative solution would be to require issuers to draw such a list only where requested by a Competent Authority in the course of an investigation.

2.2.6. Insider lists (Article 18)

While insider lists are supposed to assist NCAs in investigating cases of insider trading, stakeholders underline that the maintenance of insiders list require regular monitoring and adjustment and are particularly burdensome. As a result of the SME Listing Act, issuers whose financial instruments are admitted to trading on an SME growth market have been entitled to include in their lists only those persons who, due to the nature of their function or position within the issuer, have regular access to inside information. At the same time, Member States may opt out from such regime and require more information.

In light of the fact that national competent authorities consider the insider lists to be a key tool in market abuse investigations, in its final report on the review of the Market Abuse Regulation, ESMA did not suggest extensive alleviations to the insiders list rules, proposing only minor adaptations to the current regime.

The TESG however found the costs of the insiders list for smaller issuers too high and recommended to remove the obligation for issuers with a market capitalisation below EUR 1 billion to keep an insider list, and to further reduce and simplify the content of the insider list for other issuers.

Question 56. What is the impact (or if not available – expected impact) of the recent alleviations (under the SME Listing Act) for SME growth market issuers as regards insider lists?

Please illustrate and quantify, notably in terms of (expected) reduction in costs, and please explain your reasoning:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 57. Please indicate whether you agree with the statements below:

The insider list regime should…:

	Yes	No	Don't know - No opinion - Not applicable
be simplified for all issuers to ensure that only the most essential information for identification purposes is included	◉	○	○
be simplified further for issuers listed on SME growth markets	○	○	◉
be repealed for issuers listed on SME growth markets	○	○	◉

other	○	○	◉

Please explain the reasoning of your answer to question 57 and provide supporting arguments/evidence, in particular in terms of savings/reduction in costs:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The management of insider lists is burdensome and time consuming considering the amount of information to be collected and the processes which must be put in place by issuers, without clear evidence of the usefulness or effectiveness of these lists. In particular, some information required by Implementing Regulation (EU) 2016/347, such as the time when the inside information was identified and when the persons obtained access to inside information as well as personal details of the concerned persons, raise issues both in practical and legal terms (privacy).
In this regard, Afep recommends reverting to the requirements applicable under the MAD where only a limited number of information was required on the list (first and family name of the persons, reason for being on the list and dates at which the persons are included or removed from the list) and additional information could be requested in the case of investigations by Competent Authorities and collected by issuers. In the course of any investigation, Competent Authorities have the powers, in accordance with article 23 of MAR, to require any additional information relevant to the investigation. The content of insider lists should therefore be reduced to information essential to identify the persons holding inside information:

- First name,
- Family name,
- Date of birth,
- Professional details (address, phone number and position).

2.2.7. Market sounding

Conducting market soundings may require disclosure to potential investors of inside information. However, market soundings are a highly valuable tool for the proper functioning of financial markets, and, as such, they should not be regarded as market abuse. The current regime requires the disclosing market participant, before engaging in a market sounding, to

i. assesses whether that market sounding involves the disclosure of inside information

ii. inform the person to whom the disclosure is made of the possibility of receiving inside information and of all the consequential requirements

iii. and maintain records of the disclosure

In the context of the public consultation launched in 2017 for the preparation of the SME Listing Act, several stakeholders described the requirements for conducting market sounding as burdensome, particularly in connection with private placements. Due to concerns on the risk of unlawful dissemination of inside information, market sounding rules were then only alleviated for private placements of debt instruments. The TESG, in its final report, however proposed to extend the exemption from market sounding rules to private equity placements.

The public consultation carried out by ESMA in 2020 for the MAR review final report confirmed stakeholders' concerns on the complexity of the market sounding regime and their request to reduce the scope of the market sounding regime. Nonetheless, ESMA recommended to keep the current scope of the market sounding regime unchanged and rather look into ways to simplify the market sounding procedures (ESMA final report paragraphs 6.3.3 and ff.).

Question 58. Do you consider that the ESMA's limited proposals to amend the market sounding procedure are sufficient, while providing a balanced solution to the need to simplify the burden and maintaining the market integrity?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

How would you further amend the market sounding regime?

Issuers listed on SME growth markets:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Issuers listed on regulated markets:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not believe that ESMA's limited proposals to amend the market sounding regime would be effective in providing a balanced solution to the need to simplify the burden and maintaining the market integrity. Further clarification of the MAR definition is recommended.

The reference to a "communication of information" prior to an "announcement of a transaction" can be interpreted in a too broad manner, thus entailing significant burdens for DMPs obliged to comply with the requirements set out in article 11 of MAR. Consequently, issuers must take a cautious approach and increasingly seek external advice which obviously comes at a cost.

The current scope of market soundings is too wide and we believe that policymakers should return to the original definition as illustrated in recital (33) of MAR:

- By excluding private placements of debt securities and in particular Euro PPs.
- By restricting the market sounding regime to entities providing investment services as defined by MiFID 2. Entities providing only ancillary services as defined by MiFID 2 should not be included in the scope.

Furthermore, the two tests mentioned in Article 11(2) do not appear very clear. We recommend to modify this paragraph or to provide a more general caveat for market soundings in this context (take-over bid and merger) and clarify that the market sounding rules do not include communication of information made to a limited number of persons in view of gauging their interest in preparing a take-over bid or a merger, provided confidentiality of the information is maintained. At the very least, the potential discussions between a bidder and the owners of blocks of shares in a listed company which may lead to block sales to be completed prior to the launching of a tender offer should not fall within the definition of market soundings.

In addition, consistency of interpretation across markets is important to avoid inadvertent creation of an unlevel playing field.

Issuers on other markets (MTFs):

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 59. Do you agree with the TESG proposal to extend the exemption from market sounding rules to private equity placements for all issuers?

- (•) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Please explain and illustrate your reasoning of your answer to question 59, notably in terms of costs:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our answer to question 58.

2.2.8. Administrative and criminal sanctions

Both the CMU HLF as well as the TESG share the view that in some cases sanctions for market abuse violations are disproportionate and that the risk of an inadvertent breach of MAR (notably in the case of missing deadlines for disclosure of information) and associated administrative sanctions are seen as an important factor that dissuades companies from listing. They both proposed to amend the current framework in order to establish a more proportionate punitive regime. Moreover, the TESG proposed to remove the possibility of applying criminal sanctions in the case of noncompliance with the requirements set out in Articles 17, 18 and 19, as administrative sanctions (including accessory sanctions and the confiscation of the profit made from the unlawful conduct) are sufficiently suitable for sanctioning MAR violations under those provisions.

At the same time, ESMA disagrees that the level of the MAR sanctions is tailored to large companies and stresses that MAR does not oblige NCAs to impose maximum administrative sanctions and, on the contrary, obliges NCAs to take into account all relevant circumstances when determining the type and level of administrative sanctions.

Question 60. Do you think that the current punitive regime (both administrative pecuniary sanctions and criminal sanctions) under MAR is proportionate to the objectives sought by legislation (i.e., to dissuade market abuse), as well as the type and size of entities potentially covered by that regime?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

Please explain and illustrate your reasoning of your answer to question 60, notably in terms of costs:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Afep member companies consider that overall, the pecuniary sanctions are disproportionate. In particular when the sanctions relate to the use of inside manipulation or price manipulation, the maximum amount should be calculated based on the profits made or losses avoided. Determining the sanctions based on a percentage of the turnover of the legal person sanctioned, as is the case in the field of EU competition law, is inappropriate.

Question 61. Do you think that the maximum administrative pecuniary sanctions (as prescribed in Article 30 MAR) are an important factor when making a decision by companies concerning potential listing?

	Yes, it has a significant impact	Yes, it has a medium impact	Yes, but it has a low impact	No, it is rather irrelevant	Don't know - No opinion - Not applicable
Issuers listed on SME growth markets	○	○	○	○	◉
Issuers listed on other markets	○	○	○	◉	○

Please explain the reasoning of your answer to question 61:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 62. According to your opinion, which administrative pecuniary sanctions (as prescribed in Article 30 MAR) have a higher impact on a company when making a decision concerning potential listing?

	Pecuniary sanctions in respect of **natural persons**	Pecuniary sanctions in respect of **legal persons**
Issuers listed on SME growth markets	○	○
Issuers listed on other markets	○	○

Please explain the reasoning of your answer to question 62:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 63. Do you think that the maximum administrative pecuniary sanction for infringements of Articles 16-19 (in respect of legal persons) should be decreased?

Issuers listed on SME growth markets

	Yes	No	Don't know - No opinion - Not applicable
Art. 16	○	○	○
Art. 17	○	○	○
Art. 18	○	○	○
Art. 19	○	○	○

Issuers listed on other markets

	Yes	No	Don't know - No opinion - Not applicable
Art. 16	○	○	◉
Art. 17	◉	○	○
Art. 18	◉	○	○
Art. 19	◉	○	○

For issuers listed on other markets: please indicate the level of maximum administrative pecuniary sanction for infringements of Articles 16 and 17 of MAR:

	Art. 16	Art. 17
Current maximum sanction: 2 500 000 EUR or the corresponding value in the national currency on 2 July 2014		1 000 000 EUR
Current maximum sanction: 2% of the total annual turnover according to the last available accounts approved by the management body		0%

For issuers listed on other markets: please indicate the level of maximum administrative pecuniary sanction for infringements of Articles 18 and 19 of MAR:

	Art. 18	Art. 19
Current maximum sanction: 1 000 000 EUR or the corresponding value in the national currency on 2 July 2014	500 000 EUR	500 000 EUR

Question 64. Should the "total annual turnover according to the last available accounts approved by the management body" as a criterion to define the maximum administrative pecuniary sanctions be replaced with a different criterion?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 64.1 Please specify which criterion you would retain to define the maximum administrative pecuniary sanctions, explaining the reasoning of your answer to question 64:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This criterion should be removed (please refer to our answer to question 60).

Question 65. Do you think that the maximum administrative pecuniary sanction for infringements of Article 16-19 (in respect of natural persons) should be decreased?

Issuers listed on SME growth markets

	Yes	No	Don't know - No opinion - Not applicable
Art. 16	( )	( )	( )
Art. 17	( )	( )	( )
Art. 18	( )	( )	( )
Art. 19	( )	( )	( )

Issuers listed on other markets

	Yes	No	Don't know - No opinion - Not applicable
Art. 16	○	○	○
Art. 17	○	○	○
Art. 18	○	○	○
Art. 19	○	○	○

Question 66. Should the level of maximum administrative pecuniary sanctions with respect to natural persons be defined according to a different criterion?

- ○ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 67. Should the maximum administrative pecuniary sanctions for the other infringements specified in article 30(1)(a) of MAR and different from the infringements of Articles 16, 17, 18 and 19, be decreased accordingly?

	Yes	No	Don't know - No opinion - Not applicable
Issuers listed on SME growth markets	◉	○	○
Issuers listed on other markets	◉	○	○

Please explain the reasoning of your answer to question 67:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The maximum administrative sanctions relating to the use of inside manipulation or price manipulation, should be calculated based on the profits made or losses avoided. Determining the sanctions based on a percentage of the turnover of the legal person sanctioned, as is the case in the field of EU competition law, is inappropriate.

Question 68. Do you think that the possibility of applying criminal sanctions in the case of noncompliance with the requirements set out in Articles 16, 17, 18, 19 and 30(1)(b) of MAR should be removed?

	Yes	No	Don't know - No opinion - Not applicable
Art. 16	◉	○	○
Art. 17	◉	○	○
Art. 18	◉	○	○
Art. 19	◉	○	○
Art. 30(1) first subpar. letter (b)	◉	○	○

Please explain the reasoning of your answer to question 68:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2.9. Liquidity contracts

Liquidity in an issuer's shares can be achieved through liquidity mechanisms such as liquidity contracts concluded between an intermediary (dealer/broker) and an issuer to support liquidity in that issuer's securities on secondary markets.

The TESG recommended to remove the obligation on market operators to "*agree to the contracts' terms and conditions*", defined by issuers and investments firms in liquidity contracts used on SME growth markets, given the fact that market operators are not a party to the issuer liquidity contract.

Question 69. Do you agree with the TESG proposal to remove the obligation on market operators to "agree to the contracts' terms and conditions", defined by issuers and investment firms in liquidity contracts used on SME growth markets?

- ◉ Yes
- ○ No

- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 69:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that this obligation should be removed. We question the legal basis for this requirement in the first place, given the fact that the market operator is not a party to the issuer liquidity contract. Therefore, it is unclear how regulatory compliance with the condition for market operators to agree to the contracts’ terms and conditions could ever be delivered.
While trading venues have a responsibility to ensure fair and orderly markets and in this respect, they continuously monitor the quality and liquidity of its market; this should not involve agreeing to any commercial contracts between issuers and investment firms.

2.2.10. Disclosure obligation related to the presentation of recommendations under MAR

Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 lays down standards on the investment recommendations or other information recommending or suggesting an investment strategy. These standards aims at ensuring the objective, clear and accurate presentation of such information and the disclosure of interests and conflicts of interest. They should be complied with by persons producing or disseminating recommendations.

In order to boost research coverage on smaller issuers, the TESG in their final report argued that investment recommendations or other information recommending or suggesting an investment strategy should be exempted from the requirements laid down in Commission Delegated Regulation (EU) No. 2016/958 when they relate exclusively to instruments admitted to trading on a SME growth market, or at the least alleviated for such instruments.

Question 70. In your opinion, should investment recommendations or other information recommending or suggesting an investment strategy be exempted from the requirements laid down in Commission Delegated Regulation (EU) No. 2016/958 when they relate exclusively to instruments admitted to trading on a SME growth market?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 70:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2.11. Other

Question 71. Would you have any other suggestions on possible improvements to the current rules laid down in the Market Abuse Regulation? Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1. Recital 2 of the Delegated Regulation could be amended to clarify that although transactions in financial derivatives cannot benefit from the exemption granted by MAR, they are not prohibited. As a matter of fact, buy-back programmes can involve transactions on derivatives instruments. If these transactions cannot benefit from the safe Harbour of MAR they should not be prohibited. Such an amendment would mirror recital 12 of MAR which states that « Trading in own shares in buy-back programmes and Stabilising a financial instrument which would not benefit from the exemptions under this Regulation should not of itself be deemed to constitute market abuse. »
2. The drafting of article 4.4 of the Delegated Regulation is more restrictive than the drafting of article 6.2 of Commission Regulation (EC) No 2273/2003of 22 December 2003. In article 4.4 of the Delegated Regulation (EU) 2016/1052 of 8 March 2016, the reference to "persons responsible for the trading of own shares on behalf of clients" does not address all the situations in which investment firms or credit institutions may have to deal on their own shares when providing services to their clients. Indeed, beside the situation where they may trade on their own shares on behalf of their clients, the situations where the credit institution or the investment firm would act as a counterparty of their clients when trading in own shares should also be mentioned. Proposed Amendment - Article 4.4 of the Delegated Regulation : " 4.Points (b) and (c) of paragraph 1 shall not apply if the issuer is an investment firm or credit institution and has established, implemented and maintains adequate and effective internal arrangements and procedures, subject to the supervision of the competent authority, to prevent unlawful disclosure of inside information by persons having access to inside information concerning directly or indirectly the issuer, including acquisition decisions under the buy-back programme, to persons responsible for the trading of own shares on behalf of in the context of transactions with clients, when trading in own shares on behalf of in the context of transactions with those clients."
3. As regards accepted market practices (AMP), Delegated Regulation (EU) 2016/908 determines the conditions that a market practice must meet in order to be established by a Competent Authority as an AMP. In particular article 3 of the Delegated Regulation requires, in terms of transparency and reporting, once the market practice is performed as an AMP that, on a periodic basis, the details of the trading activity relating to the performance of the AMP be disclosed to the public (number of transactions executed, volume traded, average size of the transactions and average spreads quoted, prices of executed transactions). In France, Liquidity contracts have been accepted by the Competent Authority, the AMF, as an AMP. Although the Delegated Regulation does not refer to a specific reporting period, the French Authority has considered that the details to be disclosed to the public could not be aggregated over the reporting period. This results in disclosing substantial volume of information on the details of the transactions, for each trading day where the AMP was performed. We agree that the details of all the transactions should be notified to the Competent Authority to allow proper supervision,but making public these details does not bring significant added value to market participants. Therefore, we recommend that article 3 of the Delegated Regulation (EU) 2016/908 be amended to expressly allow aggregation over the reporting period of the information to be made public and require only notification of all the transactions to the Competent Authority.

2.3. MiFID II (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments)

The Directive on Markets in Financial Instruments (MiFID II – Directive 2014/65/EU) is one the pillars of the EU regulation of financial markets. It promotes financial markets that are fair, transparent, efficient and integrated.

However, some stakeholders believe that there is room for targeted adjustments to this directive in order to ease and accommodate listing rules for EU entities. This is particularly true for the SMEs, according to the HLF, the TESG and ESMA's report on the functioning of the regime for SME growth markets that all bring up specific points within MiFID II that could be modified in order to incentivise listing. In some cases the ESMA's and stakeholder's suggestions were aimed at clarifying certain provisions within MiFID II while in others they sought to increase SMEs' visibility and attractiveness towards investors.

2.3.1. Registration of a segment of an MTF as SME growth market

ESMA in their Q&A provided a clarification setting out the conditions under which an operator of an MTF may register a segment of the MTF as SME growth market: "*the operator of an MTF can apply for a segment of the MTF to be registered as an SME growth market when the requirements and criteria set out in Article 33 of MiFID II and Articles 77 and 78 of the Commission Delegated Regulation 2017/565 are met in respect of that segment*". This clarification has proven useful to market participants based on feedback the ESMA received and has incentivised some MTFs to seek registration as SME growth markets only for a market segment and not for the entire MTF.

ESMA suggested that similar clarification in MiFID II level 1 would be beneficial as it could bring legal certainty and increase the number of registered SME growth markets.

Question 72. Would you see merit in including in MiFID II Level 1 the conditions under which an operator of an MTF may register a segment of the MTF as SME growth market?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 72:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.3.2. Dual listing

Article 33(7) of MiFID sets out provisions for dual listing and potential obligations for issuers. It has been argued that Article 33(7) is being interpreted by the NCAs in a way that company seeking a dual listing can do so only through a third party and not by themselves. Moreover, ESMA in its report on the SME growth market proposed to amend MIFID II to specify that if an issuer is admitted to trading on one SME growth market, the financial instrument may also be

traded on any other trading venue (as opposed to only on another SME growth market as Article 33(7) of MiFID currently states). This can be done only where the issuer has been informed and has not objected, and complies with any further regulatory requirement compulsory on the second trading venue.

Question 73. Do you believe that Article 33(7) of MiFID II would benefit from further clarification in level 1 to ensure an interpretation whereby the issuers themselves can request a dual listing?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 73:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are not aware of any specific issues, but believe if there is confusion elsewhere in the market, it makes sense to clarify the provision.

Question 73.1 Do you believe that Article 33(7) should clarify that, where the issuers themselves request a dual listing, they shall not be subject to any obligation relating to corporate governance or initial, ongoing or ad hoc disclosure with regard to the second SME growth market?

- ( ) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 73.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 74. Do you believe that, subject to the conditions set out in Article 33(7) of MiFID II, financial instruments of an issuer, admitted to trading on an SME growth market, could be traded on another venue (and not necessarily only on another SME growth market)?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 74:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.3.3. Equity Research coverage for SMEs

Public markets for SMEs need to be supported by a healthy ecosystem (i.e. a network of brokers, equity analysts, credit rating agencies, investors specialised in SMEs) that can bring small firms seeking a listing to the market and support them after the IPO. The absence or limited existence of those local ecosystems that can cater to SMEs’ specific needs impedes the functioning and deepening of public markets and reduces the willingness of SMEs to seek a listing. Equity research is of particular importance for SMEs given that they have lower visibility than large cap firms and information is more opaque and scarce.

Today, equity research is produced by brokers on an un-sponsored (independent) as well as sponsored basis (company pays for the research), by independent research houses, and to a lesser extent also in house by fund managers. SMEs are, however, often not covered at all by research analysts as there is not enough market interest to justify the additional cost for the broker.

The capital markets recovery package has introduced a targeted exemption to allow investment firms to bundle research and execution costs when it comes to research on companies whose market capitalisation did not exceed Euro 1 billion for the period of 36 months preceding the provision of the research. This change is intended to increase research coverage for such issuers, and in particular for SMEs, thereby improving their access to capital market finance.

Question 75. Do you consider that the alleviation to the research regime introduced with the capital markets recovery package has effectively helped (or will help) to support SMEs’ access to the capital markets?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 75:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 76. Would you see merit in alleviating the MiFID II regime on research even further?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 76:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 76.2 Please indicate whether you consider that FICC (fixed income, currencies and commodities) research and research provided by independent research providers should be exempted from the unbundling regime introduced by MiFID II.

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 76.2:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 76.3 Please indicate whether you have any further concrete proposal, explaining your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 77. As an investor, what type(s) of research do you find useful for your investment decisions?

	Useful	Not useful	Don't know - No opinion - Not applicable
Independent research	○	○	○
Venue-sponsored research	○	○	○
Issuer-sponsored research	○	○	○
Other	○	○	○

Please explain the reasoning of your answer to question 77:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 78. How could the following types of research be supported through legislative and non-legislative measures?

	Legislative measures	**Non-legislative measures**	**Don know opini no appli**

Independent research	○	○	○
Venue-sponsored research	○	○	○
Issuer-sponsored research	○	○	○
Other	○	○	○

Please explain the reasoning of your answer to question 78:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 79. In order to make the issuer-sponsored research more reliable and hence more attractive for investors, would you see merit in introducing rules on conflict of interest between the issuer and the research analyst?

- ○ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 79:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 80. What should be done, in your opinion, to support more funding for SMEs research?

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.3.4. Other

Question 81. Would you have any other suggestions on possible improvements to the current rules laid down in MiFID II to facilitate listing while assuring high standards of investor protection? Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe more needs to be done to increase investor participation and suggest certain amendments should be made to MiFID II in this regard.
MiFID II recognizes that investors have different levels of knowledge and skills when it comes to investments. This is reflected in the differentiation between “professional” and “retail” clients and consequently stricter regulatory requirements when it comes to providing investment services to the latter. However, practical experience with this regulatory regime has shown that it is extremely difficult to qualify as a “professional“ client (e.g. financial instruments portfolio must exceed EUR 500,000) – most clients, including many that have a high level of knowledge and experience, are therefore currently “retail” clients according to MiFID II. As such, many clients may be excluded from the broader scope of investment possibilities in the capital markets, and more generally from investing directly in listed stocks and bonds. We therefore suggest that consideration be given to broadening out the current professional categorisation which would allow for a broader group of individuals to have professional client status upon request.

2.4 Other possible areas for improvement

2.4.1 Transparency Directive (Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market)

Transparency of publicly traded companies’ activities is essential for the proper functioning of capital markets. Investors need reliable and timely information about the business performance and assets of the companies they invest in and about their ownership.

The Transparency Directive (Directive 2004/109/EC) requires issuers of securities traded on EU regulated markets to make their activities transparent, by regularly publishing certain information. The information to be published includes

i. yearly and half-yearly financial reports

ii. major changes in the holding of voting rights

iii. ad hoc inside information which could affect the price of securities

This information must be released in a manner that benefits all investors equally across the EU.

The Transparency Directive was amended in 2013 by Directive 2013/50/EU to reduce the administrative burdens on smaller issuers, particularly by abolishing the requirement to publish quarterly financial reports, and make the transparency system more efficient, in particular as regards the publication of information on voting rights held through derivatives.

The Commission has recently adopted a harmonised electronic format for annual financial reports developed by ESMA (the European Single Electronic Format, ESEF). The ESEF has been applicable since 1 January 2021, except for 23 Member States who opted for a 1-year postponement. It makes reporting easier and facilitates accessibility, analysis and comparability of reports.

The Commission published in April 2021 a fitness check report accompanying the Commission report to the European Parliament and the Council on – inter alia – the operation of the 2013 amendment to the Transparency Directive. These reports indicate an overall good effectiveness of the corporate reporting framework, while highlighting areas for potential improvement, for instance in relation to supervision and enforcement.

Question 82. Do you consider that there is potential to simplify the Transparency Directive's rules on disclosures of annual and half-yearly financial reports and on the ongoing transparency requirements for major changes in the holders of voting rights, keeping in mind the need to facilitate accessibility, analysis and comparability of issuers' information and to maintain a high level of investor protection on these markets?

- Yes
- No
- Don't know / no opinion / not relevant

Question 83. Would you have any other suggestion to improve the current rules laid down in the Transparency Directive?

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.2 Special Purpose Acquisition Companies (SPACs)

In the course of the COVID-19 pandemic, the capital markets saw a surge of SPACs listings. If this SPACs' phenomenon was much stronger in the US, some EU markets also saw the rise of the listing of these particular vehicles. The fact that privately held operating companies were seeking a reverse merger to access public markets by means of a listed shell company such as SPAC appeared for some as a sign that the traditional IPO process was in need of reform. However, after a promising trend during the first half of 2021, the second half of 2021 showed that SPACs IPOs were already losing some steam, at least on the EU markets, in favour of more traditional IPOs.

Some argue that SPACs may play a useful role, in particular for start-ups and scale-ups, when the economic situation is dire and access to public markets becomes more difficult.

Although SPAC IPOs present weaknesses and risks that investors, in particular retail ones, should be aware of. Although, if SPACs' offers in the EU are mainly addressed to professional investors, SPACs' shares may be available for purchase by retail investors on the secondary markets. In that respect, in July 2021, ESMA published the statement

"SPACs: prospectus disclosure and investor protection considerations" (ESMA32-384-5209) to promote coordinated action by EU regulators on the scrutiny of prospectus disclosures relating to SPACs and provide guidance to manufacturers and distributors of SPAC shares and warrants about MiFID II product governance provisions.

The purpose of this consultation is to get your view as to the appropriateness of the current listing regime when considering an IPO via a SPAC.

Question 84. Do you believe that SPACs are an effective and efficient alternative to traditional IPOs that could facilitate more listings on public markets in the EU?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 84:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the re-emergence of SPACs is beneficial for EU public markets as they are attractive vehicles typically embedding investor protection features.
To be listed in the EU's capital markets, a company can either undertake an IPO or be bought by a SPAC. At the listing stage of the SPAC process, SPAC acquisitions allow companies to access capital from private equity investors and then list on public capital markets. Companies can benefit from the price formation process provided by capital markets and increased visibility towards institutional or retail investors.
A SPAC's success is based on its ability to acquire quality businesses. It is considered ideal for the acquisition of a single business entity which can then list in the capital market where it has a strong customer base. The EU should welcome the emergence of SPACs on its capital markets as this would lead to an increase of company listings.
In the absence of SPACs listings in the EU, there is a risk that non-EU SPACs listed in third country capital markets would have the purchasing power to target and buy growing non-listed EU companies. In this case, the targeted EU-companies would be listed in the non-EU capital market where the SPAC is located. It is therefore important for the EU to support the SPAC listing process in its capital markets.
SPACs allow retail investors to participate early in acquisition projects, traditionally limited to institutional investors, thereby democratising these types of operations using capital markets.

Question 85.1 What would you see as being detrimental to the SPACs development in the EU?

Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 85.2 What could be done in terms of policies to contain risks for investors while encouraging the efficient and safe development of SPACs' activity in the EU?

Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the current EU legal framework is sufficient to contain risks for investors while encouraging the efficient and safe development of SPACs' activity in the EU. SPACs comply with the EU legal framework on investor protection when listing across jurisdictions (for Regulated Markets these include e.g. the Prospectus Regulation and Transparency Directive) and respect the different national regulatory frameworks on company and stock law. While, it should be noted that for SPACs listed on MTFs, the Transparency Directive and the Prospectus Regulation are not necessarily applicable, MiFID requirements regarding 'admission to trading' and the MAR regime apply. In addition, specific listing requirements and ongoing disclosure requirements apply based on exchanges' individual rule books. Exchanges are continuously updating their rulebooks to reflect developments in their markets and ensure investor protection. SPACs are tools that give start-ups flexibility to enter the market, when some of the rules, e.g. on track record, would not permit this. At the same time, it is important that applicable rules ensure investor access to the usual due diligence and information via a prospectus as in ordinary IPOs.

Question 86. Do you believe that investing in SPACs, via an IPO or on the secondary market, should be reserved to professional investors only?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 86:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 87. In the case of investments in SPACs (whether on the primary or the secondary markets), would you see the need to reinforce some safeguards and/or to further harmonise the disclosure regime in the EU?

	Yes, even if an investment is open to	**Yes**, for an investment open to both	**No**	Don't know - No opinion - Not

	professional investors only	professional and retail investors		applicable
Reinforce safeguards	○	○	◉	○
Harmonise the disclosure regime	○	○	○	◉

Please explain the reasoning of your answer to question 87 and list additional safeguards, if any, you may find relevant:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 88. As part of the SPAC's IPO process, it is common practice for SPACs to issue warrants subscribed by the sponsors and/or the initial shareholders, which can subsequently have significant dilutive effects for the shareholders post IPO. Do you believe measures should be put in place to ensure that post IPO shareholders get a clear information about the dilutive effects of those warrants and that the dilutive effect of those warrants remains limited?

- ○ Yes
- ○ No
- ○ Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 88:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 89. Do you see the need for a clear framework for the deposit and management of the securities and proceeds held in escrow by a SPAC?

- ○ Yes

- ○ No
- ○ Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 89:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 90. Some recent SPACs IPOs have relied on the sustainability-related characteristics of the contemplated target companies. Do you believe that SPACs putting forward sustainability as a selling point should be subject to specific/different disclosures and/or standards in this regard?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 90:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No, we believe that the current listing regime should be maintained.

Question 91. Do you have any other proposal on how to improve the current listing regime when considering an IPO via a SPAC?
Please explain your reasoning:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.3 Listing Directive (Directive 2001/34/EC of the European Parliament and of the Council of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities)

The Listing Directive (Directive 2001/34/EC) concerns securities for which admission to official listing is requested and those admitted, irrespective of the legal nature of their issuer. The Listing Directive aims to coordinate the rules with regard to

i. admitting securities to official stock-exchange listing

ii. the information to be published on those securities in order to provide equivalent protection for investors at EU level.

The Prospectus Directive and the Transparency Directive further consolidated rules harmonising the conditions for the provision of information regarding requests for the admission of securities to official stock-exchange listing and the information on securities admitted to trading. Therefore, those directives amended the Listing Directive removing overlapping requirements (i.e. deleting Articles 3, 4, 20 to 41, 65 to 104 and 108 of the Listing Directive). Furthermore, MiFID replaced the notion of 'admission to the official listing' with 'admission to trading on a regulated market'.

The Listing Directive is a minimum harmonisation directive. It allows EU Member States to put in place additional requirements for admission of securities to official listing, provided that

i. such additional conditions apply to all issuers

ii. and they have been published before the application for admission of such securities

Question 92. Do you consider that the Listing Directive, in its current form, achieves its objectives and does not need to be amended?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 92:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.3.1. Definitions

Question 93. Do you consider that the definitions laid down in Article 1 of the Listing Directive are outdated?

- Yes
- No
- Don’t know / no opinion / not relevant

2.4 3.2. Listing conditions

Question 94. Do you consider that the broad flexibility that the Listing Directive leaves to Member States and competent authorities on the application of the rules for the admission to the official listing of shares and debt securities is appropriate in light of local market conditions?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 94:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Specific conditions for the admission of shares

Chapter II of Title III of the Listing Directive sets out specific rules for the admission to the official listing of shares of companies. However, a rather broad discretion is given to Member States or competent authorities to deviate from those rules to take into account specific local market conditions. The Listing Directive sets out, among others, rules on the foreseeable market capitalisation of the shares to be admitted to the official listing, (Article 43), on the publication or filing of the company’s annual accounts (Article 44), on the free transferability of the shares (Article 46), on the minimum free float (Article 48) and on shares of third country companies (Article 51).

Question 95.1 How relevant do you still consider the following requirements?

	1 (not relevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (very relevant)	Don't know - No opinion - Not applicable
a) Expected market capitalisation: The foreseeable market capitalisation of the shares for which admission to official listing is sought or, if this cannot be assessed, the company's capital and reserves, including profit or loss, from the last financial year, must be at least one million euro (Article 43(1)).	○	○	○	○	○	○
b) Disclosure pre-IPO: A company must have published or filed its annual accounts in accordance with national law for the three financial years preceding the application for official listing. (…) (Article 44).	○	○	○	○	○	○
c) Free float:A sufficient number of shares shall be deemed to have been distributed either when the shares in respect of which application for admission has been made are in the hands of the public to the extent of a least 25 % of the subscribed capital represented by the class of shares concerned or when, in view of the large number of shares of the same class and the extent of their distribution to the public, the market will operate properly with a lower percentage. (Article 48(5)).	○	○	○	○	○	○

Please explain the reasoning of your answer to question 95.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 95.2 Regarding the foreseeable market capitalisation referred to on question 95.1 a), would you consider a different threshold?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 95.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 95.3 Do you consider that the minimum number of years of publication or filing of annual accounts is adequate?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 95.3:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The free float is the portion of a company's issued share capital that is in the hands of public investors, as opposed to company officers, directors, or shareholders that hold controlling interests. These are the shares that are deemed to be freely available for trading. The recommendation of 25% free float set out in Article 48 dates back to 2001. It allows the Member States' discretion in setting the percentage of the shares that would be needed to be floated at the time of listing. According to information received from stakeholders, the percentages in the EU-27 vary from 5% to 45%.

Question 96.1 In your opinion is free float a good measure to ensure liquidity?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 96.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 96.2 In your opinion, could a minimum free float requirement be a barrier to listing?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 96.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 96.3 In your opinion, is the recommended threshold set at 25% appropriate?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 96.3:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 96.4 In your opinion, is it necessary to maintain the national discretion to depart from the recommended threshold for free float?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 96.4:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 97. Are there other provisions relating to the admission of shares, set out in Title III, Chapter II of the Listing Directive, that you would propose to change?

- Yes
- No
- Don’t know / no opinion / not relevant

Specific conditions for the admission of debt securities

Chapter III of Title III of the Listing Directive sets out specific conditions for the admission to the official listing of debt securities issued by an undertaking. In particular, the Listing Directive sets out rules on the free transferability of the debt securities (Article 54), the minimum amount of the loan (Article 58), convertible or exchangeable debentures and debentures with warrants (Article 59). As for shares, the Listing Directive leaves wide discretion to Member States or competent authorities to deviate from those rules in light of specific local market conditions. Finally, Articles 60 to 63 set out rules relating to sovereign debt securities.

Question 98. Do you consider the provisions relating to the admission to official listing of debt securities issued by an undertaking, set out in Title III, Chapter III and IV of the Listing Directive (e.g. amount of the loan, rules on convertible or exchangeable debentures, rules on sovereign debt), adequate?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 98:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4 3.3. Competent authorities

Question 99. Would you propose any changes relating to the provisions on competent authorities and cooperation between Member States, laid down in Title VI of the Listing Directive?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain the reasoning of your answer to question 99:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.3.4. Other

Question 100. Would you have any other suggestions on possible improvements to the current rules laid down in the Listing Directive?

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.4 Shares with multiple voting rights

Loss of control is widely cited by unlisted companies as the most important reason for staying private. Equity-raising very often generates a tension between existing owners, who rarely want to cede control of their business, and new investors who want to have control over their investment. This tension affects in particular family-owned companies but also the founders of tech, science and other high-growth companies who are often interested in preserving their ability to influence the strategic direction of the company after going public.

In order to encourage companies to list without owners having to relinquish control of their companies, multiple voting right shares have been used in a number of EU countries and have been highlighted as an efficient control-enhancing mechanism.

It is however worth noting that currently only some Member States allow for multiple voting rights. Amongst Member States that do allow multiple voting right share structures there are divergences as to the maximum allowed voting rights ratio.

Whilst multiple voting rights allow founders to keep control over their business, they may also make it easier for owners to extract private benefits to the detriment of investors, for instance by engaging in related-party transactions. The trade-off associated with multiple voting rights has led some countries to allow these types of shares provided that they include a sunset clause i.e. after a certain period, the shares with additional voting rights become regular shares. This safeguard aims at making sure that founders do not have indefinite control over their companies.

Both the HLF as well as the TESG stated that multiple voting right shares are a key ingredient for improving the attractiveness and competitiveness of European public market ecosystems and that allowing them across the whole EU would/could facilitate the transition of companies from private to public markets.

Question 101. Do you believe that, where allowed, the use of shares with multiple voting rights has effectively encouraged more firms to seek a listing on public markets?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 101 and substantiate with evidence where possible:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some markets such as the US and the UK have introduced the possibility to grant greater voting rights to founders or early investors in the context of an IPO and this trend is rising. The issue at stake is to offer to EU markets equivalent tools in order to maintain competitiveness. Therefore, we suggest that companies should have a choice to opt for dual-class shares with variable voting rights when going public.

Question 102.1 In your opinion, what impact do shares with multiple voting rights have on the attractiveness of a company for investors?

- ○ Negative impact
- ◉ Slightly negative impact
- ○ Neutral
- ○ Slightly positive impact
- ○ Positive impact
- ○ Don’t know / no opinion / not applicable

Please explain the reasoning of your answer to question 102.1:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Generally speaking asset managers are fighting again dual-class structure, as they fear it leads to entrenchment of the management. A compromise could be to introduce limitations under the UK model such as a five year time after which shares revert to one share, one vote, enhanced voting rights being exercise only for certain type of resolutions (e.g change of control of the company)…

Question 102.2 When shares with multiple voting rights are allowed, do you believe limits to the voting rights attached to a single share improve the attractiveness of the company to investors?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 102.2:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 102.3 Please indicate what ratio you consider acceptable to overcome potential drawbacks associated with shares with multiple voting rights:

- 2:1
- 10:1
- 20:1
- Other
- Don’t know / no opinion / not applicable

Please explain the reasoning of your answer to question 102.3:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 103. Do you believe that the inclusion of sunset clauses (i.e. clauses that eliminate higher voting rights after a designated period of time) have proved useful in striking a proper balance between founders’ and investors’ interests?

- Yes
- No
- Don’t know / no opinion / not relevant

Please illustrate the reasoning of your answer to question 103, namely in terms of advantages and disadvantages:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 104. Would you see merit in stipulating in EU law that issuers across the EU may be able to list on any EU trading venues following the multiple voting rights structure?

Yes

- No
- Don’t know / no opinion / not relevant

Please illustrate the reasoning of your answer to question 104, namely in terms of advantages and disadvantages:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 105. Do you have any other suggestion on how to make listing more attractive from the standpoint of companies’ founders?

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.5 Corporate Governance standards for companies listed on SME growth markets

Good corporate governance and transparency are deemed essential for the success of any company and in particular to those seeking access to capital markets. When issuers are governed according to principles of good corporate governance, they will find it easier to tap capital markets and attract investors. As issuers listed on SME growth markets do not need to comply with the Shareholder Rights Directive (2007/36/EC, as amended) or Transparency Directive (2004/109/EC, as amended), some market participants see merit in setting minimum corporate governance requirements applicable to these issuers in order to reassure investors. Institutional investors in particular may fear reputational risk when investing in companies listed on SME growth markets and find them not sufficiently attractive.

Question 106. Would you see merit in introducing minimum corporate governance requirements for companies listed on SME growth market with the aim of making them more attractive for investors?

- Yes
- No
- Don’t know / no opinion / not relevant

Please explain the reasoning of your answer to question 106:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain the reasoning of your answers to question 106, notably on the advantages and disadvantages of the preferred option:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 107.1 Please indicate the corporate governance requirements that would be the most needed and would have the most impact to increase the attractiveness of issuers listed on SME growth markets:

	1 (no impact)	2 (almost no impact)	3 (some positive impact)	4 (significant positive impact)	5 (very significant positive impact)	Don't know - No opinion - Not applicable
Requirement to report related party transactions (i.e. issuers would have to publicly announce material transactions with related parties at the time of the conclusion of such transaction and to adopt an internal procedure to assess and manage these transactions in order to protect the interests of the company)	○	○	○	○	○	○
Additional disclosure duties regarding the acquisition/ disposal of voting rights as required by the Transparency Directive for major shareholdings in companies with shares traded on Regulated Markets	○	○	○	○	○	○
Obligation to appoint an investor relations manager	○	○	○	○	○	○
Introduction of minimum requirements for the delisting of shares: Supermajority approval (e.g. 75% or 90% of shareholders attending the meeting) for shareholders resolutions which directly or indirectly lead to the issuer's delisting (including merger or similar transactions)	○	○	○	○	○	○
Introduction of minimum requirements for the delisting of shares: Sell-out rights assigned to minority shareholders if the company is delisted or if one shareholder owns more than 90% or 95% of the share capital.	○	○	○	○	○	○

Appointment of at least one independent director (independence should be understood according to para. 13.1. of Commission's recommendation 2005/162/EC)						
Other						

Please explain the reasoning of your answer to question 107.1:

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 107.2 In your opinion, what would be the impact on the costs of listing and staying listed if the following corporate governance requirements were introduced for issuers listed on SME growth markets:

	1 (no impact)	2 (almost no impact)	3 (some positive impact)	4 (significant positive impact)	5 (very significant positive impact)	Don't know - No opinion - Not applicable
Requirement to report related party transactions (i.e. issuers would have to publicly announce material transactions with related parties at the time of the conclusion of such transaction and to adopt an internal procedure to assess and manage these transactions in order to protect the interests of the company)	○	○	○	○	○	○
Additional disclosure duties regarding the acquisition/ disposal of voting rights as required by the Transparency Directive for major shareholdings in companies with shares traded on Regulated Markets	○	○	○	○	○	○
Obligation to appoint an investor relations manager	○	○	○	○	○	○
Introduction of minimum requirements for the delisting of shares: supermajority approval (e.g. 75% or 90% of shareholders attending the meeting) for shareholders resolutions which directly or indirectly lead to the issuer's delisting (including merger or similar transactions)	○	○	○	○	○	○
Introduction of minimum requirements for the delisting of shares: sell-out rights assigned to minority shareholders if the company is delisted or if one shareholder owns more than 90% or 95% of the share capital.	○	○	○	○	○	○

Appointment of at least one independent director (independence should be understood according to para. 13.1. of Commission's recommendation 2005/162/EC)						
Other						

Please explain the reasoning of your answer to question 107.2, and, if possible, provide supporting evidence, notably in terms of costs (one-off and ongoing costs):

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 108. Do you have any other suggestion on how to make issuers listed on SME growth markets more attractive to investors?

4000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.4.6. Gold-plating by NCAs and/or Member States

Question 109. Are you aware of any cases of gold-plating by NCAs or Member States in relation to EU rules applicable both to companies going through a listing process and to companies already listed on EU public markets? Please note that for the purposes of this consultation gold-plating should be understood as encompassing all measures imposed by NCAs and /or Member States that go beyond what is required at EU level (i.e. it does no relate to existing national discretions and options in EU legislation).

- Yes
- No
- Don’t know / no opinion / not relevant

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous**.

The maximum file size is 1 MB.
You can upload several files.
Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

More on this consultation (https://ec.europa.eu/info/publications/finance-consultations-2021-listing-act-targeted_e

Consultation document (https://ec.europa.eu/info/files/2021-listing-act-targeted-consultation-document_en)

More on the public consultation running in parallel (https://ec.europa.eu/info/publications/finance-consultations-2021-listing-act_en)

More on SME listing on public markets (https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-markets/securities-markets/sme-listing-public-markets_en)

Specific privacy statement (https://ec.europa.eu/info/files/2021-listing-act-targeted-specific-privacy-statement_en)

More on the Transparency register (http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Contact

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