
Press release

EU Listing Act a promising first step, but more work needed on boosting equity market liquidity

2 February 2024

Following the provisional agreement reached by the European Council and Parliament on the EU Listing Act yesterday, **Gary Simmons, Managing Director of Equity Capital Markets at the Association for Financial Markets in Europe (AFME)**, said:

"Yesterday's political agreement on the EU Listing Act is a promising first step towards increasing Europe's attractiveness as a desirable location for companies to list.

"And while this is a step in the right direction, the proposals are not perfect. AFME has some concerns about certain elements, including prescriptive page limits. Arbitrary page limits on prospectuses and other disclosure documents' length will not only potentially increase litigation risks for issuers, controlling shareholders, directors and underwriters, but may also result in risk for investors in not being completely sure that they are being given all of the necessary information to make an investment decision. This may encourage listings outside of the EU, where no such disclosure limitations are imposed and where jurisdictions may be seen as more flexible alternatives, especially for more complex transactions.

"In light of the dwindling number of EU Initial Public Offerings, the Listing Act alone will not be enough to ensure that the EU is the best place for corporates to go public. In this respect, work is still needed to boost Europe's equity market liquidity.

"To do this, progress on a meaningful consolidated tape is required, which will provide a single window into investment opportunities across Europe for all investors, democratised regardless of their location or sophistication. While the EU has reviewed its jurisdictionally unusual rules of ringfencing EU investors to certain venues and of capping their trading volumes via certain trading mechanisms, the incoming improvements still leave these rules out of sync with the regulatory frameworks of competing regions.

"Europe is at an important juncture to establish itself as a leading equity market. The opportunity to address some structural issues and revise key capital-market regulations, which govern how markets function in the EU, rests with policymakers.

"We look forward to continuing discussions and engagements with policymakers as these proposals are implemented in the market."

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Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu
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