EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION

Horizontal policies
Capital markets union

TARGETED CONSULTATION

LISTING ACT: MAKING PUBLIC CAPITAL MARKETS MORE ATTRACTIVE FOR EU COMPANIES AND FACILITATING ACCESS TO CAPITAL FOR SMES

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudge the final decision that the Commission may take.

The views reflected on this consultation paper provide an indication on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.

The responses to this consultation paper will provide important guidance to the Commission when preparing, if considered appropriate, a formal Commission proposal.

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You are invited to reply **by 11 February 2022** at the latest to the **online questionnaire** available on the following webpage:
https://ec.europa.eu/info/publications/finance-consultations-2021-listing-act-targeted_en

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising the responses**.

This consultation follows the normal rules of the European Commission for publicconsultations. Responses will be published in accordance with the privacy options respondents will have opted for in the online questionnaire.

Responses authorised for publication will be published on the following webpage: https://ec.europa.eu/info/publications/finance-consultations-2021-listing-act-targeted_en

Any question on this consultation or issue encountered with the online questionnaire can be raised via email at listing-acts@ec.europa.eu.

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 capitalmarkets for debt and equity financing than their peers in other major 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 ofmarket-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, in the context of her State of the Union address in September 2021, announced a legislative proposal to facilitate 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) to monitor the functioning and success of SME growth markets. In May 2021, the TESG published theirfinal 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 CMU High Level Forum (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. TheCommission is also seeking views regarding specific ways of listing, including viaSpecial 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 exceedingEUR 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 orderto 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 repliesto both questionnaire 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 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.

CONSULTATION QUESTIONS

1. GENERAL QUESTIONS ON THE OVERALL FUNCTIONING OF THE REGULATORYFRAMEWORK

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) and Regulation (MiFIR), the Transparency Directive and the Listing Directive. These rules primarily aimat 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.

1. In your view, has EU legislation relating to company listing been successful in achieving the following objectives? On a scale from 1 to 5 (1 being "achievement is very low" and 5 being "achievement is very high"), please rate each of the following objectives by putting an X in the box corresponding to your chosen options.

	1	2	3	4	5	Don't know/no opinion/not relevant
a) Ensuring adequate access to finance through EU capital markets			x			
b) Providing an adequate level of investor protection				x		
c) Creating markets that attract an adequate base of professional investors for companies listed in the EU				x		
d) Creating markets that attract an adequate base of retail investors for companies listed in the EU			x			
e) Providing a Clear legal framework			x			
f) Integrating EU capital markets				x		

Please explain your reasoning: *[4000 character(s) maximum]*

While the EU Prospectus Regulation and related legislation has been helpful in going towards harmonising requirements for an equity listing in the EU Capital Markets which has been beneficial to both companies seeking public equity capital and investors, members believe that the requirements for a listing are disproportionately cumbersome, time consuming and costly when measured against the relative increasing attractiveness of the US Capital Markets or private alternatives. They believe there is an opportunity for the EU to update the legal framework for EU equity listings in order to achieve a better balance between the burdens and the benefits of a listing while retaining strong levels of investor protection.

There is a premium on clear regulation that provides investors with access to well defined investment opportunities on the one hand and provides issuers with easier and more predictable access to listings on EU Regulated Markets. Regulations that are unclear, applied inconsistently among EU markets, disproportionately burdensome on issuers and/or which fail to provide appropriate assurance to investors as to the nature of the investment opportunity should be reviewed to seek to establish a more consistent level and approach to regulation across the EU.

Members highlight in particular:

- Continuing differences between markets in the application of listing rules and different practices adopted by different regulators;
- The burden and cost of preparing for listing both through the process of prospectus production and the steps required to ensure that the company is able to operate effectively in the listed environment;
- The impact on listings of differential company law and liability regimes across jurisdictions;
- Different levels of involvement of retail investors in different markets;
- The main competitor market, the US, is based in New York and is under a broadly common regime whether a listing is on Nasdaq or NYSE;
- The UK has changed and continues to consult on further ways to make its market more attractive for listing IPOs and SPACs as well as possible changes to streamline secondary capital raising;
- Settlement arrangements across different EU markets differ significantly;
- Ongoing compliance obligations for market participants across MAR, the Transparency Directive and MIFID impose burdens which are disproportionate to the investor protections they provide. Members would highlight in particular:

    - The current uncertainty as to the scope of the market sounding regime including whether it is mandatory, particularly where inside information is not being shared; and
    - The requirements on supplementary prospectuses which make it more difficult to revise price ranges or deal sizes during the book-build process than is the case in the US.

While recognising the role of allowing the market to continue to operate such as to permit a level of flexibility for individual member states and maintaining market practices that are functioning well, we would support ESMA being provided with a mandate to work towards greater harmonisation in each of the key areas they identify as being important to improving the functioning of EU equity capital markets.

As regards SMEs, there may be a policy benefit in ensuring they can have more effective access to public capital markets. However, we note that SMEs can pose as great or greater risk to investors and therefore it is difficult to differentiate the level of disclosure and on-going compliance obligations to which they should be subject simply through their status as smaller entities.

Ultimately, however, the main drivers of the attractiveness of listed equity in the EU are the quality of the companies and the valuation and liquidity that they are able to achieve on EU public markets. This is driven in large part not by regulatory or legal factors but more by the broader corporate and investment environment and the relative valuations experienced by private verses public companies.

[New Consultation Section]

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 numberof listings in the EU-28 declined by 12%, from 7,392 in fundamentals and strong set of investor protections2010 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.

2. In your opinion, how important are the below factors in explaining the lack of attractiveness of EU public markets? Please rate each factor from 1 to 5, 1 standing for "not important" and 5 for "very important".

	Regulated Markets	SME growth markets	Other Markets (e.g. other MTFs, OTFs)
a) Excessive compliance costs linked to regulatory requirements	3	3	**?**
b) Lack of flexibility for issuers due to regulatory constraints around certain shareholding structures and listing options	4	**?**	**?**
c) Lack of attractiveness of SMEs' securities	4/5	**?**	
d) Lack of liquidity of securities	4	**?**	
e) Other (please specify below)			

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 willnot seek access to public markets. This *de facto* limits the range of available funding options for companies willing to scale up and grow.

Please explain your reasoning: *[4000 character(s) maximum]*

While the transactional costs and lack of flexibility in how companies structure themselves when listed are factors in evaluating where to list, in our members' views the main drivers of the relative lower attractiveness of European markets for equity listings include:

- Higher multiples in the US together with the prospect of greater liquidity and better access to follow-on capital;
- The pathway to listing in the US generally is also perceived as more predictable. While the gross spread (underwriting commissions) in Europe is typically lower than in the US, the US market allows lower initial free floats, a public marketing phase that is shorter (i.e. less market risk) and is more accommodating of changes to the price range and offering size to adapt to changing market conditions;
- Relative lack of liquidity of securities, which can discourage the participation of large institutional investors on regulated markets. and to a lesser extent, retail investors.

Against this backdrop in members' views productive focus areas for regulatory reform would be directed at:

- Reviewing certain prospectus content requirements, along with streamlining and making more consistent/predictable NCAs prospectus approval processes;

- Supporting more predictable outcomes for IPO processes through changes in the requirements for supplementary prospectuses, the 6 day rule and clearer and more flexible application of the market sounding regime;

- Refining the on-going burden of compliance once listed and increasing consistency as to how compliance obligations apply;

- Consideration of how to streamline secondary offers, whilst ensuring the retention of high-quality disclosure suitable for offerings made internationally, including in the US; and

- Amendments to the existing forward-looking information regime to provide proportionate protections for transaction participants and promote its appropriate use.

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)?

	Please rate each cost from 1 to 5, 1 standing for "very low" and 5 for "very high"
Direct Costs	
a) Fees charged by the issuer's legal advisers for all tasks linked to the preparation of the IPO (e.g. drafting and negotiation of the prospectus and all relevant documentation, liaising with competent authorities, the relevant stock exchanges, the underwriters, etc.)	3
b) Fees charged by the issuer's auditors in connection with the IPO	4
c) Fees and commissions charged by the banks for the coordination, book building, underwriting, placing, marketing and the roadshow of the IPO	3 (noting that fees and commissions are only chargeable on a successful transaction)
d) Fees charged by the relevant stock exchange in connection with the IPO	2
e) Fees charged by the competent authority approving the IPO prospectus	1
f) Fees charged by the listing and paying agents	1
Indirect Costs	
g) The potential underpricing of the shares during the IPO by investment banks	See below
h) Cost of efforts required to comply with the regulatory requirements associated with the listing process	5
Other costs (please specify below)	

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 regulatory 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.

Please explain your reasoning: *[4000 character(s) maximum]*

Fees of legal advisors, auditors, banks, NCAs, exchanges, clearing systems and paying agents do not seem to be decisive factors in the overall scheme of costs involved in an IPO in comparison with the burden, cost and time (and related opportunity costs) involved in the prospectus preparation, review and approval process and additional IPO readiness work.

We note however that the costs in each of these areas can be at least as significant, if not more significant, in the US and other alternative listing venues. The challenge therefore is in ensuring that any changes to the costs and burdens that issuers are subject to, both increase the ease of access to a listing in the EU and also support a proportionate level of reassurance and protection to investors so as to maintain and improve the trust they are able to place in EU Regulated Markets.

Whilst the valuation that is achievable on an EU equity listing is a major driver of any choice to list in the EU and issuers and owners will look carefully at both the prospective multiple and any expected "IPO discount" that is likely to apply on a listing across different markets; the pricing of IPOs tends to be determined entirely by the process of book-building to establish an appropriate price for the deal that is supported by investor demand and is satisfactory to the issuer and/or the shareholders. The requirements of MIFID that apply to pricing and allocation impose extensive controls on this process alongside the more general alignment of incentives between banks and issuers/shareholders such that it is difficult to see in what circumstances under-pricing could in practice be a concern. Reflective of this members do not see the question of potential "under-pricing" as a factor relevant to a decision on whether to list in the EU. Any requirement to sell additional shares to satisfy free float rules increases the focus on the level of actual or perceived dilution at the time of the IPO which can also impact the ease with which pricing is able to be agreed. The greater the percentage of the share capital being sold or issued in the IPO, the greater the possibility for a mismatch in price expectations between buyers and sellers to prevent a transaction proceeding.

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

	Please rate each cost from 1 to 5, 1 standing for "very low" and 5 for "very high"
Direct Costs	
a) Ongoing fees due by the issuer to the listing venue for the continued admission of its securities to trading on the listing venue	2
b) Ongoing fees due by the issuer to its paying agent	**n/a**
c) 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)	2
d) Fees due by the issuer to auditors if post-IPO, extra auditor work is necessary to ensure compliance with listing regulation	4 + reporting generally

e) Corporate governance costs	4
f) Other (e.g. costs for extra headcount, costs allocated to investors' relationships, development and maintenance of a website)	4
Indirect Costs	
g) Increased risk of litigation due to investor base and increased scrutiny and supervision derived from being listed	4
h) Risk of being sanctioned for non-compliance with regulation	4
i) Other (please specify)	

Please explain your reasoning: *[4000 character(s) maximum]*

Our members view the ongoing costs of establishing and maintaining an equity listing in Europe as being considerable. They would highlight the following:

- The readiness costs involved in ensuring that the issuer is suitable for an equity listing and able to operate effectively in a listed environment;
- The corporate governance requirements of maintaining a listing and ensuring the appropriate board and sub-committee structures as well as ensuring access to information to keep the market updated;
- The costs of establishing an investor relations function as well as the ongoing senior management time commitment;
- The lack of flexibility in implementing corporate strategy once listed as result of the need to comply with regulatory obligations and ensure that public equity investors are supportive ; and
- Uncertainties including arising from the risk of regulatory interventions and litigation.

We note however that the ongoing costs in each of these areas can be at least as significant, if not more significant, in the US and other alternative listing venues. The challenge therefore is in ensuring that any changes to the costs and burdens that issuers are subject to both increase the ease of access to a listing in the EU and also support a proportionate level of reassurance and protection to investors so as to maintain and improve the trust they are able to place in EU Regulated Markets.

We also note that unnecessary website maintenance costs arise for ABS issuers in-scope of the EU Securitisation Regulation (Regulation (EU) 2017/2402, SECR) because of the lack of coordination between SECR transparency requirements and the PR requirements for website disclosure of transaction documents – for further details, see our response to Question 43.

[**New Consultation Section]**

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

5. (a) In your view, does compliance with IPO listing requirements create a burden disproportionate with the investor protection objectives that these rules aremeant to achieve?

- Yes

o No

o Don't know/ no opinion / not relevant

Please explain your reasoning: *[4000 character(s) maximum]*

The costs of preparing for an IPO and meeting listing requirements tends not to be as material as the indirect costs of a listing including those highlighted in previous questions. In principle our members do not view the burdens of compliance with IPO listing requirements as being disproportionate but they would see scope for requirements to be refreshed and updated in each of the key areas highlighted elsewhere in this response.

(b) 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?

o Yes

o No

o Don't know/ no opinion / not relevant

Please explain your reasoning: *[4000 character(s) maximum]*

In principle our members do not view the burdens of post-IPO requirements as being disproportionate but they would see scope for requirements to be refreshed and updated in each of the key areas highlighted elsewhere in this response.

6. In your view, would the below measures, aimed at improving the flexibility for issuers, increase EU companies' propensity to access public markets? Please put an X in the box corresponding to your chosen option for each measure listed on the table.

	Yes	No	Don't Know / No Opinion / Not Relevant
a) Allow issuers to use multiple voting right share structures when going public	x		
b) Clarify conditions around dual listing			
c) Lower minimum free float requirements	x		
d) Eliminate minimum free float requirements		x	

e) Other (please specify below)			

Please explain your reasoning: *[4000 character(s) maximum]*

Multiple Voting Right Share Structures

Our members are in favour of allowing issuers to use multiple voting right share structures when listing on public European markets. Such structures are particularly useful in situations such as, high-growth, innovative, founder-led companies looking to list. These structures facilitate the founder vision for the company which is particularly appealing to investors who look to a certain founder or group of founders to deliver that prospective issuer's "mission" and growth strategy free from short term market pressures. We note however, that whilst markets which facilitate the issuance of shares with alternate multiple rights may be attractive in some cases, without the appropriate checks and balances in place they can give rise to governance issues which are off-putting to both institutional and retail investors.

We note in particular the recent amendments to the UK's Listing Regime that have been made to facilitate multiple voting right share structures, and members support the balance struck in the UK between permitting structures so as to attract issuers to which they appeal, whilst retaining strong standards of governance and investor protection. In the UK, multiple voting right share structure have been introduced on the LSE's premium listing segment, subject to the following conditions:

- a time limit or "sunset" on the structure of five years from the date of admission (with the structure needing to fall away after such time);
- weighted voting rights only being available on: (a) a vote on the removal of the holder of those weighted voting shares as a director; and (b) any matter following a change of control to operate as a takeover deterrent;
- a maximum weighted voting right ration of 20:1 as compared to ordinary shares;
- such weighted voting shares can only be held by directors of the issuer; and
- restricted transfer of weighted voting shares, other than to a beneficiary of a director's estate.

Members would support the introduction of a similar regime in the EU.

Please see our responses to Q101-104 for further views on multiple voting right share structures.

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Free Float Requirements

A minimum free float provides an important level of assurance to investors that there is a sufficient public market holding and that the stock has sufficient liquidity. However, flexibility on free float at the time of IPO would, our members believe be helpful in allowing companies to IPO more easily by reducing the importance of the IPO valuation and any IPO discount, thereby also improving the likelihood that IPOs are successfully priced, reducing the differential with US markets and allowing shareholders to view an IPO as a first stage in what might then be a subsequent series of sell downs.

Members believe the recent UK changes towards a lower minimum percentage free float combined with a minimum market capitalization was an effect combination to address this concern but would welcome any formulation that allowed issuers to uniformly plan for a free float level with needing to receive NCA individual permission.

[Please see our response to Q96]

[**New Consultation Section]**

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?

	Please rate each below element from 1 to 5, 1 standing for "not important" and 5 for "very important"

a) Lack of visibility and attractiveness of SMEs towards investors leading to a lack of liquidity for SME shares and bonds	
b) Lack of investor confidence in listed SMEs	
c) Lack of tax incentives	
d) Lack of retail participation in public capital markets (especially in SME growth markets)	
e) Other (please specify below)	

Please explain your reasoning: *[4000 character(s) maximum]*

While our members are less focused on listing SMEs they are supportive of establishing appropriately tailored markets within the EU to ensure the right balance between access to capital by SMEs and appropriate levels of investor protection. The lack of available company research and insufficient liquidity can discourage investors from investing in some listed securities. Many securities issued by SMEs in the EU are characterised by lower liquidity and higher illiquidity discount, which may be the direct result of how these companies are perceived by investors, in particular institutional investors.

2. SPECIFIC QUESTIONS ON THE EXISTING REGULATORY FRAMEWORK

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 availableto the public when a company makes an offer to the public or an admission totrading of transferable securities on a regulated market in the EU. The prospectus isa legal document that contains information about the issuer (e.g. main line ofbusiness, finances and shareholding structure) and the securities offered to thepublic 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 prospectusand getting it approved by the relevant national competent authority is expensive, complex and time-consuming and that targeted yet ambitious simplification of prospectusrules 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 theapplication 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 thethresholds 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.

8. (a) 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	Your answer
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 your reasoning: *[2000 character(s) maximum]*

The costs and burden of producing a prospectus are not the main factors in deciding whether to list on an EU markets. We would not advocate a move away from good quality disclosure as a means of making the EU more attractive. A prospectus is an important means to making information available, prepared to the right standards and quality and subject to the right standards of care.

Any changes to prospectuses, should focus on ensuring that they are only required where necessary and that, when required, their content is relevant and proportional for their purpose. Ensuring that prospectuses are only produced when necessary, and that their contents are appropriate for their purposes (which may vary depending on the context in which it is produced) should assist in justifying the cost and effort of producing a prospectus.

We also note that the costs of preparing a prospectus, and associated effort, will vary greatly depending on individual circumstances. Factors that influence cost include, whether the issuer has previously published a prospectus, the size and complexity of the issuer's business, the need for an expert report, the extent to which it is possible to incorporate by reference (including information published at the same time or after the publication of the prospectus), and whether the issuer has a complex financial history or not. Please also refer to our suggestions for improving incorporation by reference and amending complex financial history in our responses to questions 17 and 14(b)(4).

Other factors that will influence cost include (a) the quality and consistency of prospectuses review and approval by competent authorities, (b) the liability regimes for prospectuses and other published information, and (c) technological advances.

Please see our responses to questions 26 and 31.

(b) Considering the total costs incurred by an issuer <u>for the drawing up of a</u> <u>prospectus</u>, 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 relevant**
a) Issuer's internal costs						
b) Auditors costs						
c) Legal fees (including legal fees borneby underwriters for drawing-up the prospectus)						
d) Competent authorities' fees						
e) Other costs (please specify)						

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 relevant
a) Issuer's internal costs						
b) Auditors costs						
c) Legal fees (including legal fees borne by underwriters for drawing- up the prospectus)						
d) Competent authorities' fees						
e) Other costs (please specify)						

c) 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 relevant
a) Issuer's internal costs						
b) Auditors costs						
c) Legal fees (including legal fees borne by underwriters for drawing- up the prospectus)						
d) Competent authorities' fees						
e) Other costs (please specify)						

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 relevant
a) Issuer's internal costs						
b) Auditors costs						
c) Legal fees (including legal fees borne by underwriters for drawing- up the prospectus)						
d) Competent authorities' fees						
e) Other costs (please specify)						

e) EMTN program prospectus

	Less	More	More	More	More	Don't

	than or equal to 10% of total costs	than 10% and less than or equal to 20% of total costs	than 20% and less than or equal to 40% of total costs	than 40% and less than or equal to 50% of total costs	than 50% of total costs	know / no opinion / not relevant
a) Issuer's internal costs						
b) Auditors costs						
c) Legal fees (including legal fees borne by underwriters for drawing- up the prospectus)						
d) Competent authorities' fees						
e) Other costs (please specify)						

Please explain your reasoning: *[5000 character(s) maximum]*

Please see our response to question 8(a).

9. What are the sections of a prospectus that you find the most cumbersome and costly to draft? Please rate each of the below sections from 1 to 5, 1 standing for "not burdensome at all" and 5 for "very burdensome".

	1 (not burdensome at all)	2 (rather not burdensome)	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 specify below which sections as well as the rating)						

Please explain your reasoning: *[4000 character(s) maximum]*

Please see our response to question 8(a).

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

	Less than or equal to 10%	Between More than 10% and less than or equal to 20%	Between More than 20% and less than or equal to 40%	Between More than 40% and less than or equal to 50%	More than 50%	Don't know / no opinion / not relevant
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 your reasoning: *[2000 character(s) maximum]*

No comment.

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 ofequity securities (in percentage)? Please put an X in the box corresponding to your chosen option.

N/A?

	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 relevant
EU Recovery prospectuscompared to a Standard prospectus for equity Securities						
EU Recovery prospectuscompared to a Simplifiedprospectus for secondaryissuances of equity Securities						

Please explain your reasoning: *[2000 character(s) maximum]*

Recovery prospectuses have been an innovative concept. However, in our view they have structural deficiencies. For instance, the limitation of size of 30 pages for the prospectus and 2 sides for the summary impose artificial constraints in explaining complexities associated with such capital raises, in particular with respect to large issuers with a complex group or business structure. In addition, such prospectuses are not suitable for international offerings, including in the US and the UK.

This also results in potential liability risks for persons being responsible for a prospectus. It is uncertain whether and how the limitation of size will be recognized by a court when determining whether a prospectus is complete, correct and not misleading. This is even more challenging given that prospectus liability is not harmonised in the EU nor do the general prospectus liability standards sufficiently differentiate between the various formats of a prospectus, notably taking into account the limitation of size of a recovery prospectus.

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).

12. (a) 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? Please put an X in the box corresponding to the exemption(s) you would be in favour of adjusting and specify in the textbox what changes you would propose, including (where relevant) your

preferred threshold.

Exemptions for offers of securities to the public (Article 1(4) of the Prospectus Regulation)	
1 - An offer of securities addressed to fewer than 150 natural or legal persons perMember State, other than qualified investors (Article 1(4), point (b))	No. AFME members believe this exemption works well.
2 - 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))	N/A for equity capital markets

3 - Other exemptions – please specify	
Exemptions for the admission to trading on a regulated market (Article 1(5) of the Prospectus Regulation)	
4 - 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))	No. See discussion below
5 - 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 % ofthe 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))	No. See discussion below
6 - Other exemptions – please specify	
Exemptions applicable to both the offer of securities to the public and admission to trading on a regulated market	

7 - Non-equity securities issued in a continuous or repeated manner by a credit institution, where the total aggregated consideration in the Union for the securitiesoffered is less than EUR 75 000 000 per credit institution calculated over a period of 12 months, provided that those securities: (i) are not subordinated, convertible or exchangeable; and (ii) 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))	N/A for equity capital markets
8 - 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: (i) are not subordinated, convertible or exchangeable; and (ii) 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))	N/A for equity capital markets

10 - Other exemptions – please specify	

Please explain your reasoning: *[2000 character(s) maximum]*

We believe that the 20 % threshold should be retained. This issuance size implies a transformative change to the issuer's capital structure, business and/or balance sheet. Providing a prospectus ensures a fair and clear understanding for investors of such changes and serves to protect the issuer, its directors and the underwriters from any litigation risk for claims from investors that disclosure was inaccurate, misleading or incomplete.

The URD regime is a potential alternative to a standalone prospectus for a 20% or more share capital raise. Whilst mostly used in one member state, France, we encourage improving the URD regime (shelf registration document) so that it may be more widely adopted in the EU, thereby facilitating such capital raises and reducing the cost and burden of raising capital.

The key to the success of a URD regime is consistency and compatibility between the disclosures required under the URD regime and ongoing disclosure regimes (i.e., annual reporting under the transparency regime and ad hoc disclosures under MAR) , such that disclosures under one regime can satisfy (or be easily adapted to satisfy) reporting requirements under the other regimes, including by way of incorporation by reference. This is broadly the approach in the US, whereby shelf registration documents can be incorporated by reference as well as information from an issuer's ongoing reporting, (i.e., its 10K or 20 F and 6K filings or 8K submissions). These are all easily accessible through hyperlinks and through EDGAR filings.

Material differences between different sets of disclosure requirements results in greater costs for issuers, and consequently fewer issuers will use the URD regime. This is particularly true for equity capital raises, which are less frequent than debt capital raises and it is therefore harder to justify such additional costs.

See our responses to questions 35 to 40 (use of a URD) and question 26 (liability for prospectuses and other disclosures).

See Section (1) of the attached Appendix for our suggestions on how the regime for secondary issuances could be simplified.

(b) 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)? If yes, please explain in the textbox below on which thresholds and on which elements more clarity is needed.

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

Please explain your reasoning: *[2000 character(s) maximum]*

(c) **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? If yes, please specify in the textbox below which additional exemptions you would propose.**

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

Please explain your reasoning: *[2000 character(s) maximum]*

We believe that further thought should be given to not requiring the publication of a prospectus in certain circumstances where an offer document prepared in accordance with the Takeover Directive is produced. An issuer is also still subject to its ongoing reporting obligations, including under MAR and the Transparency Directive.

13. (a) 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 thetable below.

Provision	Existing Threshold	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, areout of scope of the Prospectus Regulation.	EUR 1 000 000	
Article 3(2) 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.	EUR 8 000 000 (Upper threshold)	EUR 20,000,000

Please explain your reasoning: *[2000 character(s) maximum]*

We propose to increase the threshold for the exemption for preparing a prospectus from Euro 8,000,000 to Euro 20,000,000. This would enable companies to raise larger amounts of capital from retail investors, and enable greater access to listed companies for retail investors. New retail investors may be unable to access such offerings due to the preference of companies to issue shares to large institutional investors to avoid breaching the EUR 8,000,000 threshold.

(b) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

We believe that it would be most helpful to have a consistent regime across all member states to ensure certainty and provide a level playing field.

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 lengthof 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 issuerswith a market capitalisation above EUR 1 billion (577 versus 514 pages, respectively).

This issue is further compounded with the repeated need to produce prospectuses by issuers who might regularly conduct secondary capital raisings, such costs and challenges, in our view, often being disproportionate to the incremental benefit gained by producing further full prospectuses for each such transaction. Instead, as discussed in earlier responses, a refreshed shelf registration document regime or an alternative regime without a requirement for regulator sign off, could be introduced to reduce the need for multiple prospectuses (with the associated burdens), whilst ensuring the provision of high quality updated disclosure to the market.

14. (a) 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?

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

If we answer "yes" we need member suggestions on what improvements could be made: E.g. Shelf registration, incorporation by reference, forecasts, working capital etc.

(b) If you answered "No" to question 14(a), please indicate whether you considerthat (please put an X in the box corresponding to your chosen option andprovide details):

1.	The standard prospectus should be replaced by a more streamlined and efficient type of prospectus (e.g. EU Growth prospectus)	
2.	The standard prospectus should be significantly alleviated	
3.	The standard prospectus for the admission to trading on a regulated market should be replaced by another document (e.g. an admission document)	
4.	Other (please specify)	X (please see our response to (f) below)

(c) If you chose 14(b)(1), how should this more streamlined and efficient type of prospectus look like (or, if you refer to an existing type of prospectus, which one)?

Please explain your reasoning: *[2000 character(s) maximum]*

N/A

(d) If you chose 14(b)(2), what are the disclosures that could be removed or alleviated from a standard prospectus? (You may take as reference the disclosures outlined in the table on question 9)

Please explain your reasoning: *[4000 character(s) maximum]*

We note that the content requirements set out in Prospectus Regulation and delegated regulation are mostly well understood and applied by the market. While we do not necessarily believe that the standard prospectus should be significantly alleviated, we do not think certain would be helpful. We would advocate only making changes to the detailed content requirements where considered necessary, and have listed below certain areas where we believe change is merited:

Complex financial history: The requirement to disclose additional financial information in respect of targets can impose significant time and costs on the issuer, due to significant additional disclosure, especially where the target business is non-public. Some of this information may have little additional value to investors. Further consideration should be given to the circumstances in which additional financial information is required and, where required, the nature of this information.

Risk Factors: Optional classification of the materiality of risk factors as low, medium or high is not too helpful, while limitations on permitted categories and ranking of risk factors could be misleading or confusing to investors.

Statement of capitalisation and indebtedness: We believe that this statement does not add much value as this information can be seen in the financial information of the issuer. In particular, (a) the detailed line items required under Annex 11 point 3.2 Delegated Regulation 2019/980 are not based on IFRS, resulting in additional effort in their preparation, (b) the absence of specific accounting standards for these line items may result in a lack of comparability between issuers, and (c) the fact that the statement must not be older than 90 days may require issuers to prepare a new balance sheet as at a date within a reporting period. These appear disproportionate given the limited added value derived from such a statement.

Investments (Item 5.7 Annex 1 Regulation 2019(980): We do not believe that it is necessary to specifically describe investments for all of the past three years, as they would have already been reflected in the issuer's historical financial information. Financial statement items IFRS financial disclosure should be sufficient.

Capital Resources (Section 8 Annex 1 Regulation 2019/980): Information about the issuer's capital resources and of the sources and amounts of the issuer's cash flows can be found in the balance sheet and the required cash flow statement.

Remuneration and benefits (Section 13 Annex 1 Regulation 2019/980): The disclosure required under IAS 24.17 for the issuer's consolidated financial statement should be sufficient.

Related party transactions (Section 17 Annex 1 Regulation 2019/980): The related party disclosures required under IAS 24 as part of the issuer's consolidated financial statement and as such to be included into the prospectus according to point 18.1. appears to be sufficient.

(e) If you chose 14(b)(3), how should this document look like?

Please explain your reasoning: *[2000 character(s) maximum]*

N/A

(f) 14(b)(4): Others:

15. (a) Would you support introducing a maximum page limit to the standardprospectus?

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

(b) If you answered "Yes" to question 15(a), how should such a limit be defined?Please distinguish between a standard prospectus for equity and a standard prospectus for non-equity securities and clarify if you would consider any exceptions (e.g. complex type of securities, issuers with complex financial history).

Please explain your reasoning: *[2000 character(s) maximum]*

No. We strongly oppose the imposition of any limit on the length of the prospectus, which could unduly constrain issuers, in particular those with complex businesses or other matters requiring detailed disclosure. Any arbitrary restriction on length could raise concerns from the point of view of both prospectus liability and investor protection. Getting the content requirements and the liability regime right ought to self-regulate the length and complexity of prospectuses.

In addition, issuers may be unable to include all information that they consider to be material for investors and to meet the disclosure test set out in Article 6 of the Prospectus Regulation if a maximum page limit for prospectuses is introduced.

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.

16. (a) 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)? Please put an X in the box corresponding to your chosen optionfor each type of summary listed on the table.

Type of prospectus summary	Yes	No	Don't know/no opinion/not relevant
1. Summary of the standard prospectus (Article 7 of the Prospectus Regulation, excluding paragraph 12a)		X	
2. Summary of the EU Growth prospectus (Article 33 of Commission Delegated Regulation (EU) 2019/980)			X
3. Summary of the EU Recovery prospectus (Article 7(12a) of the Prospectus Regulation)			X

(b) if you answered in the negative to question 16(a), could you please explainhow could it be further improved?

Please explain your reasoning: *[2000 character(s) maximum]*

While the presentation is somewhat rigid and it is challenging in certain respects (see below), our members believe the market has become accustomed to the summary and this aspect of the regime is working well.

However, we make the following suggestions for how the current regime could be improved:

- Length : the 7 page maximum mandate leads to situations in which, for certain complex or other transactions, the text is squeezed in very small font with no margins, to the point of being unreadable. This is not improved by the insistence of several regulators on including certain elements (tables for instance), while still insisting on the 7 pages limit. The regime should be modified to allow for flexibility in length in justified situations (including the requirement by regulators to add information that the issuer and its advisers do not believe is necessary in the prospectus).

- Risk Factors : certain regulators take the view that the list of the risk factors should be a "cut & paste" exercise of the titles of the most significant ones presented in Chapter 3. This can result in the issuer having to choose among those significant ones, where there can be more than 15. Certain regulators second guess the ranking made by the issuer and its risk mapping exercise. Further, the titles of the risk factors in Chapter 3 can be short and not necessarily self-explanatory. Issuers should be allowed more freedom to combine certain risk factors and/or redraft certain titles, to come up with a list that has overall sense, rather than a laundry list.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Incorporation by reference is an important tool. How it is used and the extent to which it is useful, depends on the nature and quality of ongoing disclosures and the overarching requirement for any prospectuses to present, in a single location and in a clear and readable manner, the information required by investors, which will vary depending on the purpose for which a prospectus is produced. The information incorporated by reference also needs to have been prepared in a manner appropriate for the liability regime attaching to prospectuses.

We believe that the power to incorporate information by reference under article 19 of the Prospectus Regulation (PR) should be expanded to include the incorporation of financial and other information published after the date of the prospectus (i.e. future published information). This may not be so relevant for standalone equity prospectuses, but it may assist in certain circumstances. For example, it may remove the need to produce a supplementary prospectus to cater for the publication of financial results where such financial results are in line with expectations and the disclosures already included in the published prospectus. It would be of greater assistance should there be greater use of URDs – which approach is permitted by the U.S. Securities and Exchange Commission.

18. (a) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) Would you be in favour of further aligning the prospectus for retail non- equity securities with the prospectus for wholesale non–equity securities, tomake the retail prospectus lighter and easier to be read?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(c) Would you consider any other amendment to the existing rules?

Please explain your reasoning: *[2000 character(s) maximum]*

N/A

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 lengthof documents submitted after July 2019.

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 your reasoning: *[2000 character(s) maximum]*

19.1 (a) If you responded "No" to question 19, how could the regime for SMEs beamended? Please put an X in the box corresponding to your chosen option.

1. The EU Growth prospectus should remain the prospectus for SMEs but should be alleviated and / or a page size limit be introduced (please specify)	
2. A new prospectus for SMEs should be introduced and aligned to the level of disclosures required for admission or listing by MTFs, including SME growth markets	
3. Instead of a prospectus, another form of admission or listing document should be introduced (please specify)	
4. Other (please specify)	

Please explain your reasoning: *[2000 character(s) maximum]*

N/A

(b) If you selected option 19(a)(2) or 19(a)(3), which MTFs, including SME growth markets, in the EU do you consider having the most appropriate admission or listing documents?

Please explain your reasoning: *[2000 character(s) maximum]*

N/A

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.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Our members are supportive of any developments in technology that enhances the ability of shareholders or prospective investors to receive information. Given the technological advancements in the last few years and the digitization of the methods of sharing of information, we do not think that there should be a requirement to prepare a prospectus in a paper format. This imposes additional burden and costs on issuers to maintain this obligation.

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.

21. Concerning the language rules laid down in Article 27 of the Prospectus Regulation, with which of the following statements do you agree? Please put anX in the box corresponding to your chosen option.

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.	x
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	

Please see Section (2) of the attached Appendix of the Prospectus Regulation and prospectus customary language

We believe that while the prospectus should be published only in English (as the customary language in international finance), there should be an additional possibility for the issuer or Competent Authority to choose to publish the prospectus summary in the national language of the respective home member state in the EU. The translation of the prospectus summary into a local language may prove helpful, in particular, in the context of retail investors. For qualified investors only offerings, it should be allowed to publish a prospectus only in English.

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 incorporatedby 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 investorsand 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 oran 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.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

See our response to Question 12.

Our members believe that a prospectus should be required where there is a share capital increase that is 20 per cent or more as this implies a transformative change to the issuer's capital structure, business or balance sheet. Any relaxation of this requirement is dependent on there being sufficient disclosure available to investors prepared/reviewed to prospectus standards. This may be through a shelf registration document regime, such as the URD regime, or it may be through ongoing disclosures, subject to such disclosures being prepared/reviewed to prospectus standards and supported by appropriate liability regimes.

Our members are also concerned that greater retail involvement in subsequent offerings without a prospectus would expose the issuer, its directors and the underwriters to greater litigation risk.

22.1 If you responded "No" to question 22, do you think that the regime for secondary

issuances could nevertheless be simplified? Please put an X in the box corresponding to your chosen option.

1. 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.	
2. 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. neithersubject to the scrutiny nor to the approval of the latter).	
3. The obligation to publish a prospectus should remain applicable (unless one of theexisting exemptions apply) but only a prospectus significantly simplified and focusing onessential information should be required.	
4. Other (please specify)	X
5. Don't know/ no opinion / not relevant	

Please explain your reasoning: *[2000 character(s) maximum]*

Where a prospectus is required, we believe that certain of the specific disclosure requirements are either not required (e.g., because they are covered by other disclosures) or ought to be reconsidered. Please see our response to question 14(f).

In addition, prospectuses can be simplified through effective use of incorporation by reference. Please see our response to question 17.

22.2 If you chose option 22(2), could you 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]*

N/A

22.3 If you chose option 22(3), could you please indicate what the main simplifications should be?

Please explain your reasoning: *[4000 character(s) maximum]*

N/A

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

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

Please explain your reasoning: *[2000 character(s) maximum]*

24. Do you think that the EU Recovery prospectus should (please put an X in thebox corresponding to your chosen option for every point listed on the table):

	Yes	No	Don't know / no opinion / not Relevant
a. Be extended on a permanent basis for secondary issuances of shares			
b. Be introduced on a permanent basis for secondary issuances of all types of securities (both equity and non-equity securities)			
c. Be used as a simplified prospectus for all cases set out in Article 14(1)			
d. Other (please specify)			X

Please explain your reasoning: *[2000 character(s) maximum]*

The recovery prospectus has been an innovative concept that, however, in our view has structural deficiencies that should not be carried forward in a new form of prospectuses for secondary issuances in general, for example the limitation of size of 30 pages does not take into account the different complexity of issuers and may be too restrictive in the case of issuers with a complex group or business structure, significant changes to their business and the like.

24.1 If you replied in the affirmative to question 24(a), which changes, if any, wouldbe necessary to the EU Recovery prospectus?

Please explain your reasoning: *[4000 character(s) maximum]*

N/A

24.2 If you replied in the affirmative to question 24(b), which changes would be necessary to the EU Recovery prospectus, also to adapt it to the secondary issuance of non-equity securities?

N/A

Please explain your reasoning: *[4000 character(s) maximum]*

24.3 If you replied in the affirmative to question 24(c), which changes, if any, would be necessary to the EU Recovery prospectus to adapt it to all cases under Article 14(1)?

Please explain your reasoning: *[4000 character(s) maximum].*

N/A

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.

25. Do you think that the current punitive regime under the Prospectus Regulationis proportionate to the objectives sought by legislation as well as the type andsize of entities potentially covered by that regime?

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

Please explain your reasoning, notably in terms of costs: [2000 character(s)maximum]

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

- o Yes
- o No

Don't know/ no opinion / not relevant

(b) If you responded negatively to question 26(a), which changes would youpropose in the context of this initiative?

Please explain your reasoning: *[4000 character(s) maximum].*

While we generally believe that the prospectus regulation civil liability regime is adequate, the lack of a uniform liability regime across Europe and individual member states for prospectuses creates inefficiencies for an issuer who will consequentially be required to consider potential liabilities and defences thereto under a multitude of potentially differing civil liability regimes. We believe that this creates a potential barrier to a single capital market. Having a single liability regime would also enable the EU to adopt uniform safe harbours and to promote different liability standards for different types of information (for example, forward looking information which is discussed below).

The issuer is ultimately responsible for information published by it, whether pursuant to the prospectus, transparency or market abuse regimes. We do not believe that underwriters ought to be responsible for such information and rendering them so results in additional effort, cost and delay in order to mitigate the risk of potential liability. This is particularly problematic in the context of large (i.e. greater than 20%) or retail (i.e. retail above 150 persons per member state or above Euro 20,000,000) undocumented share capital raises, where the absence of documents prepared to prospectus standards significantly increases underwriter risk. We believe that there should be a safe harbour for underwriting liability in such circumstances, such that underwriters would not be liable for misleading information in or the omission of information from information published by issuers. Our members have advocated for a similar safe harbour in the UK in the context of the ongoing Treasury and Financial Conduct Authority consultations.

We also believe that the liability for "profit forecasts" and "forward looking statements" ought to be modified whereby the issuer will be held liable for such statements only if the issuer was aware of the falsity of such statements or has intentionally made the statement to mislead investors. This standard of "recklessness" is the standard adopted by the SEC in the United States, and is proposed to be adopted in the UK.

This approach would be similar to the widely used equivalent US rules in creating a defence to prospectus liability for directors with respect to forward looking information which results in a more extensive use of guidance on their projected/targeted future financial position and performance on primary and further capital raisings. This allows investors to make more meaningful assessments based on management's view of the future financial performance of the issuer.

27. (a) 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?

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

(b) If you responded negatively to question 27(a), which changes would youpropose in the context of this initiative?

Please explain your reasoning: *[4000 character(s) maximum].*

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? Please put an X in the in the box corresponding to your choice for each type of issuers listed on the table.

	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 your reasoning: *[2000 character(s) maximum].*

Our members note that issuers are mostly concerned about potential civil liability arising from civil litigations instituted by investors or prospective investors relating to disclosures made in a prospectus.

Whilst issuers are also concerned about criminal and administrative penalties that may be imposed on them by the relevant NCA, this concern does not typically impact on an issuer's decision to list. By contrast, it is noted that the more litigious environment in the United States is often quoted as a negative feature of the US market.

29. (a) 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? Please put an X in the in the box corresponding to your choice for each type of issuers listed on the table. If you respond in the affirmative, please specify in the textbox below to what level sanctions should be decreased.

	Yes	No	Don't know / no opinion / not relevant
Issuers listed on SME growth markets			
Issuers listed on other markets			

Please explain your reasoning: *[2000 character(s) maximum]*

No comment.

In relation to questions 29(a) and 29(b), please refer to our response to question 28.

(b) 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? Please put an X in the in the box corresponding to your choice for each type of issuers listed on the table. If you respond in the affirmative, please specify in the textbox below to what level sanctions should be decreased.

	Yes	No	Don't know / no opinion / not relevant
Issuers listed on SME growth markets			
Issuers listed on other markets			

Please explain your reasoning: *[2000 character(s) maximum]*

No comment.

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

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

(b) If you responded positively to question 30(a), could you please specify for which requirements.

Please explain your reasoning: *[4000 character(s) maximum]*

We believe that the appropriate standard for sanctions in respect of violation of any provisions of the Prospectus Regulation ought to be civil and not criminal. Therefore, we are strongly opposed to the imposition of criminal standards for the infringement of the following articles in the Prospectus Regulation: Article 3, Article 5, Article 6, Article 7(1) to (11), Article 8, Article 9, Article 10, Article 11(1) and (3), Article 14(1) and (2), Article 15(1), Article 16(1), (2) and (3), Article 17, Article 18, Article 19(1) to (3), Article 20(1), Article 21(1) to (4) and (7) to (11), Article 22(2) to (5), Article 23 (1), (2), (3) and (5), and Article 27.

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.

31. a) 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

(b) If you answered "No" to question 31(a), which material differences do you see across EU Member States (e.g. extra requirements and extra guidance being provided by certain national competent authorities)?

Please explain your reasoning: *[4000 character(s) maximum]*

With respect to equity capital markets transactions, we note that there are notable differences in the manner different national competent authorities assess draft prospectuses. These differences can be a factor influencing choice of jurisdiction of incorporation of the issuer (but see our response to question 34) or listing venue.

32. (a) 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

While we agree that the relevant timelines are adequate, we would like to refer to our response to question 8 where we express that we do believe that prospectuses should only be produced when necessary, and that the contents of prospectuses are appropriate for the purposes for which they are produced.

We also note that the process could be improved and made shorter for secondary issuances (or, indeed, as referenced in our response to question 12(a), the potential introduction of a regime for secondary issuances that does not require a regulatory approval in respect of a prospectus, thereby significantly decreasing the lead in time to launching such secondary issuances and the associated cost).

(b) If you answered "No" to question 32, please provide concrete suggestions onhow to improve the process.

Please explain your reasoning: *[4000 character(s) maximum]*

N/A

33. (a) 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 your reasoning: *[4000 character(s) maximum]*

We welcome the proposal to reduce the minimum period between the date of publication of the prospectus and the end of the offer from six working days to three working days. This will help incentivise issuers to open the offer to retail investors as a reduced timeline will help them finish the book-building process swiftly and finalise the offer at the earliest.

(b) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

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.

34. (a) 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?

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

Equity Securities:

In relation to equity securities, we believe that the issuer should have the flexibility to choose between the country where the issuer's registered office is situated or the country where the issuer is seeking a listing.

Non-equity securities

No response

(b) If you answered "Yes" to question 34, which national competent authority should be the relevant authority due to approve the prospectus? Please put an X in the box corresponding to your chosen option(s).

For all issuers established in the Union, whatever the securities to be issued, the national competent authority of the Member State where the issuer has its register office	

For all issuers established in the Union, whatever the securities to be issued, the national competent authority of 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	X
Other (please explain below)	
Don't know/ no opinion / not relevant	

Please explain your reasoning: *[2000 character(s) maximum]*

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.

35. In your view, what are the main reasons for the lack of use of the URD among issuers across the EU? Please put an X in the box corresponding to your chosen option(s).

(a) The time period necessary to benefit from the status of frequent issuer is too lengthy	
(b) The URD supervisory approval process is too lengthy	
(c) The costs of regularly updating, supplementing and filing the URD are not outweighed by its benefits	
(d) The URD content requirements are too burdensome	

(e) The URD is not suitable for non-equity securities as it is built on the more comprehensive registration document for equity securities	
(f) The URD language requirements are too burdensome	
(g) Other (please explain below)	X (See explanation below)

Please explain your reasoning: *[2000 character(s) maximum]*

Preparing an URD each year presents various constraints for listed entities: the necessity to mobilize resources (internal and external) to prepare the documentation represents high costs for a company; the necessity to submit to the review of market authorities on a regular basis adds to the uncertainty of the process; and there is the obligation to include the information required under European regulations.

France is the only country in the EU to have widely used the URD regime. This, we believe, is principally because its regime permits listed entities to comply with various obligations under French laws, including its prospectus regime, through publication of a single document, which satisfies the requirements for the preparation of both annual reports and the URD, and which facilitates the offering of securities throughout the year. At the time of issuance, only information specific to the offer is published, shortening the time period required for any review of such information with market authorities. A URD also allows listed entities to provide updated information to the market, in particular to individual investors, on a regular basis and encourages an exchange with all investors on a regular basis. In certain respects, the French regime is the European equivalent to the US shelf registration document regime.

By contrast, in other EU Member States the annual report is separate from any registration document required in connection with a securities offering. Therefore requiring additional work and expense to produce a URD in such jurisdictions (in addition to work required for the production of the annual report). As companies do not typically issue equity shares requiring the publication of a prospectus on a regular basis, companies do not usually see the merit in annually preparing a URD for shares. Should a company produce an URD when the market is not accustomed to it doing so, this may be perceived by the market as indicating a subsequent share capital issue.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Its minimum content ought to be aligned with the level of disclosures for secondary issuances. We don't comment here on the adequacy of the secondary disclosure regime, but we agree that the disclosures required in a URD ought to be aligned with the disclosures required for secondary issuances.

However, the URD also needs to be compatible with (and be capable of being combined with) annual reporting and other ongoing disclosures, in a manner which avoids unnecessary duplication of effort and cost.

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 your reasoning: *[2000 character(s) maximum]*

We believe that having a URD approved by competent market authorities for an initial period post listing is important to ensure that issuers remain sufficiently supervised by competent market authorities during a sufficient period of time post listing. Having two years of approval by the market authorities would allow the authorities to verify whether the relevant entities have taken into their comments or recommendations from the first year to the second year.

Save as discussed in our response to question 38 below, we do not believe that URDs should be subject to subsequent annual approval.

In addition, one year may be too short in the event that the URD immediately follows the completion of the initial public offering (for instance when the initial public offering is completed at the beginning of the financial year before the publication of full year financial statements).

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 andapproval should be limited to the securities note and the summary)?

- Yes (but see our suggestion below)
- No
- Don't know/ no opinion / not relevant

Please explain your reasoning: *[2000 character(s) maximum]*

The requirement to approve a URD at the time of an equity capital raise introduces potential delay, risk and additional cost to the equity capital raise, and partially diminishes the benefit of having a URD. We believe, therefore, that there should be no standalone requirement for a URD to be approved at the time of an equity capital raise.

Rather, we would suggest a regime comprised of the following features:

- A requirement that the issuer be a seasoned issuer, i.e., that it has been admitted to trading for a period of time and has had prior URDs approved by an EU competent authority (see response to question 37 above).
- Potentially, an ability for a EU competent authority to independently review the URD of an issuer for compliance with the applicable rules. In order that this not be disruptive of an equity capital raising, it might be possible to have a pre-notification regime whereby, in advance of an equity capital raise, the competent authority is notified by the issuer of such a capital raise and is given an opportunity to review an issuer's existing URD. Any such review would be on a streamlined basis in order to minimum disruption to the capital raise.
- An appropriately calibrated liability regime and investigation/enforcement powers granted to national competent authorities ought to provide sufficient safeguards with respect to the quality of information contained in URDs.

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

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

Please explain your reasoning: *[2000 character(s) maximum]*

It is important to keep the ability to publish registration document in English and in the local language.

As mentioned above, listed entities may use the URD to compile all their disclosure obligations (annual report to the shareholders, yearly and half-yearly financial report). These disclosures may need to be prepared in the local language. Listed entities should therefore continue to prepare their registration in the local language and, to the extent they want to, in English.

In addition, a disclosure in the local language will be important for individual investors.

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]*

Please see responses to other questions.

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 theprospectus. 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 financialintermediary 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.

41. (a) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) Would you propose additional improvements?

Please explain your reasoning: *[2000 character(s) maximum]*

The Article 23.2 withdrawal regime should not apply to prospectuses used exclusively for the admission to trading in the context of qualified investors only offerings.

The requirement introduced by Article 23. 3 of the Prospectus Regulation that financial intermediaries shall "contact" investors on the day when the supplement is published is inconsistent with the principle introduced by the Prospectus Regulation that prospectus publications will have to be made via the internet to ensure accessibility for investors (Recital 62). Requiring a separate individual information of each investor acquiring securities through a financial intermediary is, at the same time, cumbersome and costly additional requirement. It can make compliance difficult, if not in some cases impossible. Furthermore, the permitted means of "contacting" is not entirely clear. For example, is the requirement met if the investor is informed by e-mail, even if it has consented to that way of communication?

The temporary supplement to Article 23 by paragraphs 2a and 3a allowing a slightly longer "contacting" period helps in the implementation, but obviously does not make a difference in terms of the required additional organisational efforts and inconsistency with the general disclosure concept applied in connection with prospectuses, as set out above.

Therefore, we suggest abolishing the "contacting" requirement in Article 23.2 of the Prospectus Regulation, or at least to maintain the longer period that has been temporarily introduced.

[New Consultation Section]

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 and (ii) 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.

42. (a) Do you believe that the equivalence regime set out in Article 29 of theProspectus 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 thirdcountry?

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

(b) If you answered positively to question 42(a), how would you propose toamend Article 29 of the Prospectus Regulation?

Please explain your reasoning: *[4000 character(s) maximum]*

We believe that it is important that a more flexible approach is taken with respect to third country prospectuses. We believe that equivalence should be determined at the EEA level rather than any further work on the national level.

We believe that publication as required by the Prospectus Regulation regime, notification to ESMA or a Home Member State NCA and, possibly, a requirement of a "wrap" to the prospectus to cover, e.g., disclosure relating to the admission to trading process, should be sufficient and that there should be no additional requirements for a prospectus prepared by a third country issuer if the third country's legislation has been deemed equivalent. Subsequent to notification in Member States, it should be possible to use a notified prospectus for passporting purposes within the EEA in the same way as other prospectuses.

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]*

"With reference to the industry comments set out in the AFME response of Sept 2021 to the Commission consultation on the SECR review (see page 22), in order to avoid unnecessary and duplicative disclosure of transaction documents by certain ABS issuers, item 9.1 of ABS RD Annex 9 should be amended so that disclosure of documents via an EU-authorised securitisation repository by ABS issuers in-scope of the SECR regime is deemed compliant with the corresponding requirements of the Prospectus Regulation."

Otherwise, at this point, nothing addition to those proposed elsewhere in our responses.

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)

See Section 2.2.7 on Market soundings.

The Market Abuse Regulation ('MAR') entered into full application in 2016, it providesrequirements 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). On3 October 2019, ESMA publicly consulted the market on its preliminary view of the technical advice. The consultation ended on 29 November ABS2019 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 ensureproportionality and reduce burdens.

2.2.1. Costs and burden stemming from MAR

44. (a) For each of the MAR provisions listed below, please indicate how burdensome the EU regulation is for listed companies (please rate each of them from 1 to 5, 1 standing for "not burdensome at all" and 5 for "very burdensome"):

	1	2	3	4	5	Don't know / no opinion / not relevant
Definition of "inside information"						
• For all companies					x	
• For issuers listed on SME growth markets						x
Disclosure of inside information						
• For all companies			x			
• For issuers listed on SME growth markets						x
Conditions to delay disclosure of inside information						
• For all companies			x			
• For issuers listed on SME growth markets						x
Drawing up and maintaining insiders lists						
• For all companies				x		
• For issuers listed on SME growth markets						x
Market sounding						
• For all companies					x	
• For issuers listed on SME growth markets						x
Disclosure of managers' transactions						
• For all companies						No opinion
• For issuers listed on SME growth markets						x
Enforcement						
• For all companies						No opinion
• For issuers listed on SME growth markets						x
Other (please specify in the textbox below)						

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]*

(b) Please explain your reasoning and, if possible, provide supporting evidence,notably in terms of costs (one-off and ongoing costs) ***[4000 character(s) maximum]***

AFME represent leading global and European banks and other significant capital market players, and we work on behalf of our Members to advocate for stable, competitive, sustainable capital markets. In responding to this consultation and many of the questions within it, it is important to note that in practical terms, firms do not distinguish between SMEs and the rest of the market and are unable to respond to question 44 (a) with views on issuers listed on SME growth markets. Further, we are concerned that the proposed approach to separate the Market Abuse Regulation regime into two categories 1) all companies and 2) issuers listed on SME growth markets will result in operational complexity and may create level playing field concerns without commensurate benefits to the market. Members observe that compliance with the regime is costly and burdensome because it is necessarily complex. We have responded from the perspective of AFME member firms and not as issuers, in light of this given the differing size of our Members, we recognise that approaches taken by members will vary by size and scale and according to individual risk appetites. One off and on-going costs include IT; in creating and maintaining insider lists, developing and amending Surveillance methods and ongoing and increasing costs in expanding obligations on Legal and Compliance functions.

We have responded to Other in **44(a)** and wish to provide additional explanation. On the definition of inside information we welcome consistent interpretations across Member States, recognising that there are divergent approaches. However, we do not think that additional guidance is necessary to support this. On Drawing up and maintaining insider lists we believe that this is burdensome for **all firms**, supporting all issuers not only SMEs. Furthermore, it would be unduly burdensome due to the practical situations that make information classification difficult, and due to the proposed new complexity in having to deal with two sets of requirements for two types of issuers (all issuers and SME issuers) On Market sounding we note that whilst well understood by market participants, it does not facilitate the smooth operating of capital markets as envisioned. The recent assertion by ESMA in their MAR Review report on the mandatory nature would not assist capital markets, particularly in tough market conditions. This will result in non-inside information being inevitably captured, and compromises the smooth functioning of capital markets. Please see our response to question 58. On Enforcement, the regime does introduce obligations for companies, but they are well understood, proportionate and necessary to support rigorous enforcement of the regime. We also note that in respect of market soundings, the proposal to create sanctions for breaches of protocols is unhelpful.

2.2.2. Scope of application of MAR

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.

45. In your opinion, if MAR requirements started applying only as of the moment oftrading, 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Our Members believe that this should not be modified and remain as is. We note that this proposal is focused on the primary market, but the impact of any changes would be realised on the secondary market. From a practical perspective, making changes would require additional data and the development of systems and controls to apply to different transaction types. However, AFME would like to point out that misuse of information, unlawful disclosure of inside information and market manipulation are not only a matter of policy, there are already challenges with the existing approach in particular those related to monitoring and surveillance it would not be possible to put in place standard surveillance. Other controls such as identifying and managing conflicts of interest and codes of conduct act as safeguards against cases of Market Abuse

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 inthe 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.

46. (a) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

We do not think that further clarifications are necessary. Currently the regime works well for securities, we do note however, that for Commodities, the definition of inside information is based on a different logic in the absence of the issuer concept less clear and results in challenges around creating and maintaining insider lists and in adjusting standard surveillance for this market

(b) If you answered "No" to question 46(a), please indicate if you would support the following changes or clarifications to the current definition of "inside information" under MAR, by putting X in the box corresponding to your chosenoption(s):

	I support	I don't support	Don't know/no opinion/ not relevant
a) MAR should distinguish between a definition of inside information for the purposes of market abuse prohibition and a notion of inside information triggering the disclosure obligation.		x	
b) The definition of inside information with a significant price effect should be refined to clarify that "significant price effect" shall mean "*information a rational investor would be likely to consider relevant for the long-term fundamental value of the issuer and use as part of the basis of his or her investment decisions*".		x	
c) It should be clarified that inside information relating to a multi-stage process need only be made public once the end stage is reached, unless a leakage has occurred.		x	
e) Other (please specify below)			

Please explain your reasoning: *[2000 character(s) maximum]*

On option a), we do not support the proposal noting there is already a carve out for the delay in disclosure for issuers. Separating this out creates operational burdens on firms and we fail to see how this supports the orderly operating of markets. Article 17 of MAR does not require issuers to disclose all inside information but only such inside information which directly concerns the issuer. We welcome

the opportunity to review detailed drafting from the Commission or ESMA on what this would look like for each of the scenarios described. On option b), we do not support the proposal and note that this is drafted solely from the perspective of issuers, whilst we are assessing the impact on both issuers and financial services firms. Our view is that this could prove unhelpful and does not remove the possibility of an investor drawing conclusions that allows them to trade on that information. We are also unclear how short-term trading would fit into this approach. We do not see the benefits of the proposed approach. We note that the proposal is focused on equities and suggest that any approach is expanded to include bonds and other instruments. On option c), we do not support the proposal. We note that 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 be other types of inside information that the company would not be obliged to disclose publicly but may decide to do so on a voluntary basis.

47. (a) Do you consider that a system relying on the concept of material events for the disclosure of inside information would provide more clarity?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Our Members note that this proposal represents a fundamental shift from the original scope of MAR and are unclear what benefits this approach would have and how it would operate. MAR applies to all market participants, excluding issuers, will have wider implications for other market participants and risks undermining the overall regime . We note that there is existing ESMA guidance for issuers and would be interested to understand what concerns the Commission and ESMA are seeking to address. However, we also note that there is currently no definition of 'material events' and we welcome additional information on if this guidance will be developed (e.g. if this will be in the form of a list of scenarios) and how this is intended to work in practice, particularly with references to securities and commodities. We also suggest that investor opinion should be considered. What would cause a 'rational investor' to make an investment decision is not necessarily the same, and is likely to be more variable and nuanced, than a prescriptive list of what issuers may consider 'material events'. Conversely, if the Commission (and ESMA) develops lists of 'any other material event', or 'any other information that a rational investor may use to make an investment decision', issuers will essentially be in the same position as under the current approach, which undermines the intended benefit. We also wish to emphasise the importance of ensuring that all market participants have the same access to information.

(b) In your opinion, would such a system pose any challenge to the integrity ofthe market?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Our members are concerned that this is a significant shift in the way that the Market Abuse Regulation applies and as a result may have implications for the fair and transparent functioning of markets. Market participants are familiar with the existing principles that underpin MAR and this proposal suggests a move towards greater prescription by introducing a concept of material events which could also, by definition, leave out events and information that at present would be considered disclosable as inside information. We welcome additional clarity on if and how this approach would apply to all asset classes, in terms of disclosures and approaches to the treatment of inside information. We are currently unclear of the benefits such an approach would have and suggest that it may inadvertently impact market integrity. We note that this may be more relevant to issuers, and as a result suggest additional guidance for issuers.

[New Consultation Section]

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 tobe 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 applicationof 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.

48. (a) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Our members note that consistency across National Competent Authorities is important recognising that there are currently divergent approaches. We do not support any changes to Article 17(4) MAR and suggest that any revisions are made via L3 guidance. We also recognise that whilst scenario-based guidance could be helpful, it is important that market participants retain the flexibility to adopt a case-by-case approach and not a list of prescriptive factors. In drafting guidance, ESMA should be mindful of scenarios where inside information does not involve an "issuer" such as material trading information and we welcome safe harbour protection from sanctions under MAR for legitimate trading information, e.g. large order sizes under difficult market conditions and information reasonably expected to be disclosed by market participants in the Commodities markets until certain key stages such as the order execution while allowing market making and hedging for the client. We welcome further industry consultation with ESMA on any proposed guidelines.

(b) If you answered "No" to question 48(a), what changes would you propose to Article 17(4) MAR?

Please explain your reasoning: *[2000 character(s) maximum]*

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 allinside information for debt issuers (either positive or negative) only would be burdensome and not justified.

49. Please specify whether you agree with the following statements (please put an X in the box corresponding to the chosen option for each requirement listed on the table):

Issuers that only issue plain vanilla bonds should…	**Yes**	**No**	**Don't know/no opinion/not relevant**
(a) have the same disclosure requirements as equity issuers	X		
(b) disclose only information that is likely to impair their ability to repay their debt		x	

Please explain and illustrate your reasoning, notably in terms of costs (one-off andongoing costs). *[4000 character(s) maximum]*

Our members believe that this represents a significant shift in the purpose and function of the Market Abuse Regulation and we are unclear of the benefits, given the operational burden and complexity this would create. We note that currently there is no definition of 'vanilla bonds' and are concerned that a standardised approach is problematic when compared with the current approach that allows market participants to make judgements based on a case-by-case and taking various factors into consideration. In proposals a) and b), we note that it is irrelevant whether an instrument is categorized as a vanilla bond, it is more important to consider the scope and application of MAR. A new vanilla bond issue can for example, trigger insider dealing risks by shorting secondary bonds of comparable nature (e.g., credit, maturity, or the same issuer), which would compromise the effectiveness and purpose of the Market Abuse Regulation.

2.2.5. Managers' transactions (Article 19 MAR)

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.

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

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) If you answered "Yes" to question 50(a), 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 (please indicate threshold)
Issuers listed on SME growth markets					
Issuers listed on all markets					

Please explain your reasoning: *[2000 character(s) maximum]*

We consider that a percentage of issuer market capitalisation might be more useful than a precise numerical value.

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

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

Please explain your reasoning: *[2000 character(s) maximum]*

51.1 If you answered in the affirmative to question 51, what should be the maximumamount

that national competent authorities can increase the threshold to?

	EUR 25 000	EUR 35 000	EUR 40 000	EUR 50 000	Other (please indicate threshold)
Issuers listed on SME growth markets					
Issuers listed on all markets					

Please explain your reasoning: *[2000 character(s) maximum]*

52. (a) 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):

Year	Number of notifications (threshold of EUR 5 000)	Number of notifications (threshold of EUR 20 000)
2019		
2020		

(b) How would the above figures change in case of an increased threshold under Article 19(8) of MAR? Please insert a X in the box corresponding to your choice of the estimated percentage value:

How many <u>less</u> notifications (in % terms) would you receive in case of an increased threshold under Article 19(8) to	EUR 10 000	EUR 15 000	EUR 20 000	EUR 50 000	Other (please specify threshold)
0-10%					
11-20%					
21-35%					
36-50%					
more than 50%					

Please explain your reasoning: *[2000 character(s) maximum]*

53. (a) Please provide the approximate level of costs related to disclosure ofmanagers' transactions in the last 2 years:

Year	Costs (threshold of EUR 5 000)	Costs (threshold of EUR 20 000)

2019		
2020		

Please explain your reasoning: *[2000 character(s) maximum]*

(b) Please provide the estimated level of cost savings (in % terms) in case of an increased threshold under Article 19(8). Please insert a X in the boxcorresponding to your choice of the estimated percentage value:

The estimated cost savings (in % terms) in case of an increased threshold in Article 19 (8) to	EUR 10 000	EUR 15 000	EUR 20 000	EUR 50 000	Other (please specify threshold)
0-10%					
11-20%					
21-35%					
36-50%					
more than 50%					

Please explain your reasoning: *[2000 character(s) maximum]*

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

- o Issuer
- o National competent authority
- o Either by issuer or National competent authority, depending on national law(status quo)
- o Don't know/No opinion/not relevant

Please explain your reasoning: *[2000 character(s) maximum]*

We consider that this is a company obligation and support maintaining the current approach.

55. (a) Do you consider that ESMA's proposed targeted amendments to Article19(12) MAR are sufficient to alleviate the managers' transactions regime?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) If you answered "no" to question 55(a), please indicate if you would supportthe following changes or clarifications to the managers' transactions regime:

	I support	I don't support	No opinion
a) The thresholds should be applied in a non-cumulative way (i.e. each transaction is to be assessed against the threshold).			
b) 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.			
c) The requirement of keeping a list of closely associated persons should be repealed.			
d) Other (please specify)			

Please explain your reasoning: *[2000 character(s) maximum]*

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 monitoringand 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 keytool 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 theinsider list for other issuers.

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.

Please explain your reasoning: *[2000 character(s) maximum]*

We remain of the view that there should be no differences in approach between SME growth market issuers and other issuers. The Market Abuse Regulation exists to protect all investors and carving out SME growth market issuers undermines the effectiveness and overall operation of the regime, which is based on the principle of a level playing field. Inconsistent application raises questions for other relevant actors, for example advisors, who may be forced to undertake the costs and burdens of creating and maintaining large permanent insider lists.

57. (a) Please indicate whether you agree with the statements below:

The insider list regime should…	**Yes**	**No**	**Don't know -No opinion**
be simplified for all issuers to ensure that only the most essential information for identification purposes is included.	X		
be simplified further for issuers listed on SME growth markets		x	
be repealed for issuers listed on SME growth markets		x	
Other (please specify)	X		

(b) Please explain your reasoning and provide supporting arguments/evidence, in particular in terms of savings/reduction in costs: [2000 character(s) maximum]

Our members agree that the insider list should be simplified to focus on the information that is most essential for identification purposes. Simplifications where desirable should be introduced for all market participants and not just to issuers on SME growth markets, to avoid the operational burdens and complexity of operating within dual regimes. In our view the enhanced list of information should be made available only during a regulatory or internal investigation. We do not support different requirements for issuers listed on SME growth markets and note that large firms who support SMEs would continue to be subject to MAR regime but with less information creating an additional burden and level of risk. We also note that SMEs are not exempt from the risk of market abuse and may for example be high yield bond issuers. The illiquidity of this segment of the market and issuers' unfamiliarity with the financial regulations such as MAR may result in misuse of information, unlawful disclosure of information and market manipulation.

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 ina market sounding, to i) assesses whether that market sounding involves the disclosure ofinside information; ii) inform the person to whom the disclosure is made of the possibility of receiving inside information and of all the consequential requirements; and
iii) 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 toprivate 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.).

58. (a) 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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) If you answered no to question 58(a), how would you further amend the market sounding regime?

Issuers listed on SME growth markets	
Issuers listed on regulated markets	
Issuers on other markets (MTFs)	

Please explain your reasoning: *[4000 character(s) maximum]*

In relation to the September 2020 MAR Review report, we do not agree with ESMA's prior statement that the market soundings regime set out in Article 11 MAR is compulsory. Consistent with AFME's response to the October 2019 ESMA Consultation Paper, we consider that, in law, the Article 11 regime provides a safe harbor. We also do not agree that there is need for the regime to be made compulsory through amendments to MAR. Most EU participants use the MAR market soundings regime when disclosing inside information during transactions in the scope of Article 11 MAR, in order to protect themselves against any allegations of unlawfully disclosing inside information. It is disproportionate and unnecessary to compel participants to do so, and to make it mandatory to do so even where no inside information is being disclosed. We think there are clear practical benefits to taking this approach. If the regime is to be made compulsory, it will also become important to clarify the circumstances and transactions in relation to which Article 11 is engaged. AFME would be pleased to discuss this further with the Commission. We consider the other amendments proposed at 6.3.3 of the ESMA Final Report are sensible and should be adopted.

The observations set out above apply equally to SME growth market issuers and other issuers. We do, however, consider that in all cases, the soundings regime has disproportionate and unintended consequences, particularly for (a) non-EU issuers which have their securities admitted to trading on a relevant market (e.g., an MTF) without the approval or at the request of the issuer; and (b) EU

issuers with securities listed in non-EU jurisdictions where the relevant transaction has little or no jurisdictional nexus to the EU. Clarifying that the regime is not expected to be followed in these circumstances would significantly alleviate issues created by the extraterritorial scope of MAR.

We also wish to note that for these very specific purposes we welcome clarity on how the Commission is defining the term SME growth market.

59. (a) Do you agree with the TESG proposal to extend the exemption from marketsounding rules to private equity placements for all issuers?

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

Please explain and illustrate your reasoning, notably in terms of costs *[4000character(s) maximum]*

(b) If you answered in the negative to question 59(a), would you agree to extend the exemption from market sounding rules to private equity placements for issuers on SME growth markets?

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

Please explain and illustrate your reasoning, notably in terms of costs *[2000character(s) maximum]*

AFME and its Members do not necessarily accept the rationale that underlies the TESG's proposals and are responding to this consultation from the perspective of wholesale investment banks, so our perspective and view of the impacts on wider markets from this viewpoint. We consider that there are reasonable grounds for concluding that many issuer / investor engagements in the course of private equity placement transactions are not in scope of Article 11 MAR as currently drafted, but would welcome explicit clarification of these matters. It may also be sensible for explicit clarification to be given that investor engagement in connection with other circumstances/transaction types which have similar features to private equity placement transactions are also out of scope of Article 11 MAR. AFME would be pleased to discuss this further with the Commission. We also refer to our response to Question 58 (b) above as regarding ESMA's recommendation to amend MAR to make the Article 11 soundings regime compulsory in all circumstances, with which we do not agree.

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 removethe 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 tolarge 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.

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, notably in terms of costs *[2000character(s) maximum]*

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? Please put an X in the box corresponding to your chosen option for each type of issuers listed in the table.

	Yes, it has a significant impact	Yes, it has a medium impact	Yes, but it has a low impact	No, it is rather irrelevant
Issuers listed on SME growth markets				
Issuers listed on other markets				

Please explain your reasoning: *[2000 character(s) maximum]*

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	Pecuniary sanctions in

	respect of natural persons	respect of legal persons

Issuers listed on SME growth markets		
Issuers listed on other markets		

Please explain your reasoning: *[2000 character(s) maximum]*

63. (a) Do you think that the maximum administrative pecuniary sanction for infringements of Articles 16-19 (in respect of legal persons) should be decreased? Please put an X in the box corresponding to your chosen option(s).

Answers	Issuers listed on SME growth markets				Issuers listed on other markets			
	Art. 16	Art. 17	Art. 18	Art. 19	Art. 16	Art. 17	Art. 18	Art. 19
Yes								
No								
No opinion								

Please explain your reasoning: *[2000 character(s) maximum]*

(b) If you answered "Yes" to question 63(a), please indicate the level of maximum administrative pecuniary sanction for infringements of Articles 16 and 17 of MAR.

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

Please explain your reasoning: *[2000 character(s) maximum]*

(c) If you answered "Yes" to question 63(a), please indicate the level of maximum administrative pecuniary sanction for infringements of Articles 18 and 19 of MAR.

Current level of sanctions	Art. 18	Art. 19
1 000 000 EUR or the corresponding value in the national currency on 2 July 2014		

Please explain your reasoning: *[2000 character(s) maximum]*

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

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) If you answered "Yes" to question 64(a), please specify which criterion.

Please explain your reasoning: *[2000 character(s) maximum]*

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

Answers	Issuers listed on SME growth markets				Issuers listed on other markets			
	Art. 16	Art. 17	Art. 18	Art. 19	Art. 16	Art. 17	Art. 18	Art. 19
Yes								
No								
No opinion								

Please explain your reasoning: *[2000 character(s) maximum]*

(b) If you answered "Yes" to question 65(a), please indicate the level of maximum administrative pecuniary sanction for infringements of Articles 16 and 17 MAR.

Current level of sanctions	Art. 16	Art. 17
1 000 000 EUR or the corresponding value in the national currency on 2 July		
2014		

Please explain your reasoning: *[2000 character(s) maximum]*

(c) If you answered "Yes" to question 65(a), please indicate the level of maximum administrative pecuniary sanction for infringements of Articles 18 and 19 MAR.

Current level of sanctions	Art. 18	Art. 19
500 000 EUR or the corresponding value in the national currency on 2 July 2014		

Please explain your reasoning: *[2000 character(s) maximum]*

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

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

(b) If you answered "Yes" to question 66(a), please specify which criterion.

Please explain your reasoning: *[2000 character(s) maximum]*

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?

Answers	Issuers listed on SME growth markets	Issuers listed on other markets
Yes		
No		
No opinion		

Please explain your reasoning: *[2000 character(s) maximum]*

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)

first subparagraph, letter (b) of MAR should be removed? Please put an X inthe box corresponding to your chosen option(s).

Answers	Infringements of:				
	Art. 16	Art. 17	Art. 18	Art. 19	Art. 30(1) first subpar. letter (b)
Yes					
No					
No opinion					

Please explain your reasoning: *[2000 character(s) maximum]*

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.

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 your reasoning: *[2000 character(s) maximum]*

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 aninvestment 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.

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 your reasoning: *[2000 character(s) maximum]*

We welcome consideration of whether disclosure requirements for all investment recommendations should be reviewed for instruments traded on all markets for wholesale clients rather than just those instruments admitted to SME growth markets. We provide additional analysis on investment recommendations in our response to question 71

2.2.11. Other

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]*

We consider that the existing investment recommendation disclosure requirement in relation to sales and trading recommendations is inefficient, disproportionately burdensome for the sell-side and not welcomed by the buy-side. We welcome review of sales and trading ideas for wholesale clients.

Typical investment recommendations include brief sales and trading commentary, usually one to two sentences, as part of a general flow of information between firms and their clients on a daily basis. They are usually short term in nature and generally responsive to market moves or requests. However, despite the brevity of the sales and trading commentary, each idea requires several pages of disclosures. This requires significant ongoing resources and has a daily operational impact, as firms need to produce and disseminate disclosures which, in the main, are then sent to a designated inbox, which, investment management clients say, are unmonitored. This on-going cost to producers outweighs any perceived benefit. We do not consider that the investment recommendations regime was developed with sales and trading commentary in mind, and do not consider that its application in this context functions appropriately.

There are reasons why an investment may be a long term buy from the point of view of a research analyst and yet for it to be appropriate for a sales person at a particular time to recommend that it be sold, without that amounting to a contradiction of the fundamental long term buy recommendation. We believe that any conflicts of interest considerations are already appropriately addressed by MiFID II, and that buy-side clients are aware of these arrangements. Clients recognise that sales and trading commentary provides an important, immediate response to emerging issues, and suggest it is not in their interest for quick reaction responses to be delayed by the application of a research process, often resulting in the information becoming stale.

The distinction between retail and wholesale professional/institutional clients is an important one. We support the need to manage conflicts of interest but believe the disclosures would be more suited to investors that are receiving advice.

This is an area of MAR that would benefit from a review focused on the costs and benefits of the regime, taking into account that the current regime was designed in relation to equity research disclosures rather than sales and trading commentary. We also believe that a review would need to take into account that systems and procedures are already in place in order to avoid unintended consequences or additional systems builds. Given the broad extra-territorial application of the investment recommendations disclosure regime, the application of the rules should take account of global existing regimes, and the complications that arise both for producers and receivers of investment recommendations of overlapping regimes.

We also wish to make a more general point, our response has been drafted from the perspective of wholesale investment banks, who recognise that the TESG report explores ways to make listings easier for SMEs. However, we have not fully analysed the findings and recommendations in the TESG report in the time available to respond to the consultation, and wish to reiterate that it is our view that these proposals represent a significant shift in the principles that underpin the Market Abuse regime and that simplifications should be introduced for all market participants and not just to issuers on SME growth markets, to promote the integrity of the markets that MAR was intended to work for and not just to avoid the operational burdens and complexity of operating within dual regimes. Fragmentation under MAR will undermine and destabilise the regime. We urge the Commission to assess the impact that making changes to MAR for SME growth markets will have on other market participants and the overall functioning of the MAR regime.

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)

Member Note: This section to be considered by the AFME MiFID group, and this group will be updated on relevant comments/developments.

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.

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 your reasoning: *[2000 character(s) maximum]*

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 toamend 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.

73. (a) 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 your reasoning: *[2000 character(s) maximum]*

(b) If you answered “Yes” to question 73(a), do you believe that Article 33(7) should clarify that, where the issuers themselves request a dual listing, they shallnot 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 your reasoning: *[2000 character(s) maximum]*

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 your reasoning: *[2000 character(s) maximum]*

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 of36 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.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

AFME engaged at length with the proposals put forward in the capital markets recovery package and provided written input to the Commission at that time they were being proposed.

Given the research regime adjustments will only come into force in February 2022 is too early to make an assessment of the efficacy at this juncture.

76. (a) Would you see merit in alleviating the MiFID II regime on research evenfurther?

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

Please explain your reasoning: *[2000 character(s) maximum]*

AFME proposes that the two categories of research listed below could benefit from further alleviation.

1. **Pre-IPO/transaction research should be able to qualify as a minor non-monetary benefit**

   An important step that could be taken to promote SME research would be to allow pre-IPO (or other transactional research) to qualify as a minor non-monetary benefit. Please refer to the attached paper "AFME comments on the European Commission's proposals to increase SME research" for supporting detail.

2. **Research made available to all investment firms that wish to receive it or to the general public**

   In our view, content that is made available to any investment firm that wishes to receive it or to the general public is outside the scope of the inducements regime and should be considered in the same

way as any other publicly available information, none of which constitutes a "benefit" for purposes of the inducements rule. The limitation to "any investment firm wishing to receive it" is there simply to allow firms to comply with legal requirements in various jurisdictions that require certain types of research to be distributed to investment professionals only.

(b) If you answered "Yes" to question 76(a), please indicate whether you consider that written material other than the one currently falling under the minor non-monetary benefits regime could be added to that list.

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

Please explain your reasoning: *[2000 character(s) maximum]*

As mentioned at 76(a), we think that the European regulators should take the opportunity to clarify that where written research is made available to any investment firm that would like to receive it, or to the general public, such research is not an inducement and can therefore be received free of charge. If the Commission disagrees with the argument that materials made available to all investment firms who wish to receive them are not inducements, then we would submit that they should be added to the list of written materials that can be received as a minor non-monetary benefit, as described in the ESMA Q&A on MiFID II and MiFIR investor protection and intermediaries topics (see Q8 and 9 available here) in connection with macro-economic and FICC written research. We suggest making clear that the above position can apply to all content made available to all investment firms that wish to receive it or to the general public, rather than solely FICC macro-economic content. This, for example, is the reading of the rules given by the French AMF in question 3.6 of its Guide on new rules for the funding of research within MiFID 2 (amf-france.org).

(c) If you answered "Yes" to question 76(a), 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.

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

Please explain your reasoning: *[2000 character(s) maximum]*

No comment.

(d) If you answered "Yes" to question 76(a), please indicate whether you have any further concrete proposal.

Please explain your reasoning: *[4000 character(s) maximum]*

We believe the rules on issuer-sponsored research work well and do not need to be further clarified.

We have previously stated In our June 2020 policy paper "AFME comments on the European Commission's proposals to increase SME research" that, in our view, it is clear that issuer-sponsored research can currently be provided and can constitute an acceptable minor non-monetary benefit under Article 12(3)(b) of the MiFID II Delegated Directive, and on Question and Answer 6 of section 7 of the ESMA Investor Protection Q&A. We also consider that the existing guidance relating to conflicts of

interest management, clarity in communications, and rules relating to marketing communications, are sufficient and do not need further amendment.

Please see Section (3) of the attached Appendix for a copy of the AFME policy paper.

77. As an investor, what type(s) of research do you find useful for your investment decisions? Please put an X in the box corresponding to your chosen option for each type of research listed on the table.

	Useful	Not useful	Don't know/No opinion/Not relevant
Independent research			
Venue-sponsored research			

Issuer-sponsored research			
Other (please specify)			

Please explain your reasoning: *[2000 character(s) maximum]*

No comment.

78. How could the following types of research be supported through legislative and non-legislative measures? Please put an X in the box corresponding to your chosen option for each type of research listed on the table.

	Legislative measures	**Non-legislative measures**	**Don't know/No opinion/Not relevant**
Independent research	X		
Venue-sponsored research			
Issuer-sponsored research			X
Other (please specify)			

Please explain your reasoning: *[2000 character(s) maximum]*

Independent research

As per our answers to 76(a) and 76(b), we believe clarifying that pre-IPO/pre-transactional research that is produced independently by research departments and broadly distributed to potential investors in order to educate them about an upcoming transaction, can still be distributed to and received by potential investors free of charge as an acceptable minor non-monetary benefit, would be an important step that could be taken in respect of every European company that wishes to access funding on capital markets. This measure would ensure that potential investors in European companies could take decisions about IPOs and other significant transactions on the basis of independent research.

We also think that the European legislator should take the opportunity to clarify that where written research is made widely available to any investment firm that would like to receive it, such research is not an inducement and can therefore be received free of charge.

Issuer-sponsored research

As per our answer to 76(d), the rules on issuer-sponsored research work well and do not need to be further clarified.

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?

- o Yes
- o No

- Don’t know/ no opinion / not relevant

Please explain your reasoning: *[2000 character(s) maximum]*

Investors place high value on independent research which is already subject to robust conflict of interest rules. As per our answer to 76(d), the rules on issuer-sponsored research work well and do not need to be further clarified.

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

[No comment]

2.3.5. Other

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]*

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 tradedon 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 theCommission report to the European Parliament and the Council on – inter alia – the operation of the 2013 amendment to the Transparency Directive. These reports indicatean overall good effectiveness of the corporate reporting framework, while highlighting areas for potential improvement, for instance in relation to supervision and enforcement.

82. (a) 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

(b) If you answered "yes" to question 82(a), which changes would you propose?

Please explain your reasoning: [2000 character(s) maximum]

The Transparency Directive could be amended (or even possibly made into a regulation) to set out the contents of the annual and half-year financial reports in a manner that matches the relevant annex of EU Delegated Regulation 2019/980 (depending on the type of securities of the issuer). Ideally such amended directive (or new regulation) would include annexes that would follow the ones of EU Delegated Regulation 2019/980. This would contribute to the comparability of prospectuses on the one hand and annual & financial reports on the other. It would also facilitate the incorporation by reference of sections of the annual or financial reports into a prospectus – as one could be sure that a particular item of the annual report incorporated by reference meets the requirements of the corresponding item in the relevant annex of the EU Delegated Regulation 2019/980. It would also probably help in the adoption by issuers of the universal registration document since (i) it would help in highlighting the amount of additional information that needs to be added to an annual financial report to become an universal registration document, and (ii) would do away with the need to produce two reconciliation tables in an universal registration document that does not follow the order of Annex I (or any other relevant one): a reconciliation table to Annex I and a reconciliation table to the required contents of an annual financial report. Finally, it would limit differences in how EU member states have transposed the Transparency Directive.

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

Please explain your reasoning: [2000 character(s) maximum]

In addition to the points set out above, in respect of major shareholding reporting requirements, there are divergences across member states to make reporting easier for investors to manage by way of a harmonised regulation. That being said, members would note that reforming this area could result in investors/financial institutions having to make operational changes to adapt to the new rules with an associated cost. That being said, it may be that this short term disruption could be beneficial in the long-term through a standardised approach to such reporting.

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 marketsalso 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 ofa 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.

Nonetheless SPAC IPOs present weaknesses and risks that investors, in particular retail ones, should be aware of. Although 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.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Yes, we believe that SPACs are a valid alternative in the right situations, but not all, and with the shares and warrants not to be offered at IPO to retail, which can facilitate more listings on the public market, with the following advantages:

- Private equity-like investment with downside protection (including placing net proceeds a bankruptcy-remote trust account or escrow/ providing dissenting investors with the right to redeem)
- Automatic liquidation if no acquisition within predefined time frame
- Equity exposure through cash investment
- Upside through stock price appreciation and warrants
- Alignment of interest through sponsor capital at risk
- Access to incentivised best-in-class sponsors
- Opportunity to participate in mid-term investments in private operating companies

Furthermore, we believe that unless Europe offers a compelling SPAC regime with the scale to have a liquid funding pool for both the IPO and the PIPE funding, there is a risk that many of Europe's emerging companies, particular in the technology and healthcare sectors, could end up being bought by SPACs listed in other jurisdictions, in particular the US. Examples of US SPACs merging with European companies in 2021 include Nexters, Vertical, and Arqit.

Europe is "solidifying its place as a global tech power" according to Atomico's annual State of European Tech 2021 report, reporting that Europe is now the second region globally when it comes to early-stage investment, with a total of $3.8 billion ($4.1 billion in the U.S.). Europe now has 321 unicorns, (223 in 2020). It is therefore

important that Europe facilitate both the traditional IPO and the SPAC markets to ensure that developing European unicorn companies have viable routes to market in Europe – if not, there is a risk that companies, will continue to be drawn to listing in the US, through a traditional IPO or a SPAC merger, so it is important to develop a viable SPAC alternative to the IPO in Europe.

85. (a) What would you see as being detrimental to the SPACs development in theEU?

Please explain your reasoning: [4000 character(s) maximum]

There are commercial disadvantages in Europe to SPAC development, such as the smaller pools of liquidity and a less developed market for European investors in SPACs, which is beyond the scope of our response. However, a European SPAC market is building with 37 SPACs listed in the EU in 2021. We focus in our response on regulatory disadvantages and highlight the lack of SPAC specific rules and guidance in Europe.

It is important for European **NCAs** to minimize the opportunity for regulatory arbitrage by encouraging a harmonized regulatory regime for the characterization, listing and marketing of SPACs, as well as the requirements applicable at the time of the de-SPAC. In line with general principles of EU law, the view of the 'home' Member State of the SPAC on characterization should equally apply in other EU Member States. This is important for the following reasons:

- A cornerstone of the EU's single market is the removal of regulatory and non-regulatory obstacles to the free movement of capital across borders, thus increasing the financial and economic resilience of the EU.

- In the case of European listed SPACs, the regulatory body of the listing venue conducts diligence and approves the SPAC instrument's status, typically the shares, warrants and/or units issued by the SPAC. The listing allows those instruments to be freely tradable and ensures that the risks related to such instruments have been appropriately diligenced and disclosed, which would be hindered if each European state could subsequently overrule or otherwise undermine the home state's determination. Unless a SPAC is incorporated in one EU Member State and listed in another, the home state's determination of these instruments' status should govern.

We suggest below a number of areas in which regulation of SPACs could be better harmonised across the EU:

<u>Consistent prospectus disclosure regime</u>

ESMA's July 2021 statement on SPACs (the "**ESMA Public Statement**") was helpful in clarifying regulatory expectations for SPACs and also in setting out how SPAC shares and warrants should be considered under MiFID II product governance.

While this guidance is addressed to NCAs to promote coordination between them, it does not establish a harmonized approach, as it leaves room for divergence at NCA level. We therefore recommend that the EU Commission (in consultation with ESMA) develops and adopts delegated acts and/or technical standards, and/or that ESMA develops Level 3 guidelines, in each case with respect to the prospectus disclosure requirements and expectations set out in the ESMA Public Statement.

<u>Consistent requirement for a prospectus and/or circular on a de-SPAC transaction</u>

There is likely to have to be a published prospectus at the time of the PIPE and the business combination for two reasons:

- The shares being issued in the PIPE or as consideration shares for the business combination represent over 20% of the SPAC's issued share capital; and / or

- A new successor entity is being put in place as part of the business combination as a new holding company for the SPAC shareholders and the target shareholders.

Some NCAs permit the admission to listing of a sufficient number of treasury shares (issued by the SPAC upon IPO) which, after such listing using the IPO prospectus, can be issued out of treasury for the PIPE / de-SPAC. Whilst limits on the number of treasury shares are a matter of domestic corporate law, we encourage ESMA to make mandatory either:

(i) a prospectus upon a de-SPAC transaction, or

(ii) a shareholder circular for the de-SPAC with harmonised detailed contents requirements set out in the IPO prospectus. We note that some NCAs require the contents of the de-SPAC circular to be set out in the SPAC IPO prospectus, and would encourage ESMA to also propose that, unless a prospectus is required to be published for a de-SPAC, the de-SPAC circular contents should be set out in the SPAC IPO prospectus to ensure consistency of disclosure.

(b) What could be done in terms of policies to contain risks for investors whileencouraging the efficient and safe development of SPACs' activity in the EU?

Please explain your reasoning: *[4000 character(s) maximum)*

Consistent structural features of SPACs

The structural requirements for SPACs are set in the EU at a national level pursuant to local listing rules or domestic corporate law, and therefore there is not a harmonised approach to SPAC structures across the EU. We note that such listing rules and corporate law requirements are outside of the scope of the Prospectus Regulation itself, so it may not be appropriate for ESMA to set consistent structural requirements (in addition to disclosure requirements) for all EU listed SPACs which are designed to enhance investor protection. We note that the UK changed its domestic listing rules in 2021 through the implementation of proposals arising out of its Consultation Paper CP 21/10, which set out minimum requirement for SPACs to not have their shares suspended on a de-SPAC transaction, such as requirements for an escrow account, minimum disclosures for the de-SPAC, mandatory shareholder vote on a de-SPAC, board approval of the de-SPAC, independent valuation of the target if there is a conflict and no voting on the de-SPAC by the sponsor.

Length of time between announcement of the de-SPAC and completion

We would welcome any measures to shorten the time period between the announcement of a de-SPAC/PIPE and completion of the related business combination. This is an illiquid period where the investment in the target operating company is committed but the shares of the combined entity are not tradable yet. This period of illiquidity for investors is approximately 8 weeks in Europe. In traditional IPOs the equivalent period would be a few days for settlement; the more this period can be reduced the more a SPAC/PIPE business combination could be seen as an alternative to traditional IPOs.

In order to shorten this period, shortening the time required for the review and approval of a prospectus and potentially the notice period for the general meeting (which is a matter of local corporate law so outside the scope of this consultation) seem to be the crucial time factors.

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

- o Yes (for IPO only)
- o No
- o Don't know/ no opinion / not relevant

Please explain your reasoning: *[2000 character(s) maximum]*

The MiFID II PG regime requires that a target market is assigned to financial instruments such as SPAC shares and warrants. Considerations for SPACs may differ from those for a traditional IPO, due to their different natures and the fact that certain instruments may constitute PRIIPs which, if intended for retail distribution, requires that a KID is produced.

Typically, at IPO, a SPAC vehicle will only offer its units. comprising shares and warrants, or the separate shares and warrants if offered and traded separately from the outset) to professional investors and ECPs only, given that they require a more sophisticated and nuanced assessment by investors than vanilla shares.

However, following the IPO, the units (if applicable), and after between 30 to 40 days, the shares and warrants will, for the most part, be listed on the main markets of stock exchanges and will, in turn, be accessible to retail clients at that stage. At the time of the de-SPAC transaction, the shares of the merged SPAC vehicle will also be available to retail investors (like other listed companies).

Retail secondary market investors receive protection through the MIFiD II requirement for distributors to assess whether the retail client would benefit from prior financial advice, or whether the SPAC shares are only appropriate for distribution to retail investors. We do not think that any specific product intervention powers should be imposed on a blanket basis across all SPAC shares, as like all listed securities, some may present a more appropriate risk / return profile for retail investors than others.

Please see Section 4 of the attached Appendix for further information relating to the current market position for making a MiFID II target market assessment at the time of the SPACs IPO.

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 (please consider an investment open to professional only or to professional and retail investors)? Please put an X in the box corresponding to your chosen option(s).

	Reinforce Safeguards	Harmonise the disclosure regime
Yes, even if an investment is open to professional investors only		X
Yes, for an investment open to both professional and retail investors		X
No		
Don't know/ no opinion / not relevant		

Please explain your reasoning and list additional safeguards, if any, you may findrelevant *[4000 character(s) maximum]*.

Our reasons for wanting to harmonise the disclosure regime irrespective of the types of investors that are in scope are set out in our response to question 85 above – we support consistent SPAC disclosure requirements at IPO, in a de-SPAC prospectus and in a de-SPAC circular, which is crucial to put investors in an informed position to take their decision on whether to redeem or stay invested in the SPAC in the case of a de-SPAC/business combination. Reinforcing safeguards for investor protections does not fall within the Prospectus Regulation regime; at present it is more a matter for domestic listing rules or corporate law.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Yes, we think there should be mandatory disclosure requirements in the prospectus on a consistent set of scenarios, including the exercise of public warrants and founder warrants and the conversion of founder shares. Such dilution tables should also factor in a PIPE of a certain size (i.e., a further equity issue at business combination) as well as a business combination of a certain size, or a range of sizes to show the likely range of dilution. We have seen some NCAs mandating such disclosure requirements. A harmonised set of dilution disclosures across the EU would allow investors to compare SPACs in different listing venues on a like for like basis.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

We believe it is an important investor protection that SPACs should adequately ring-fence, via an independent third party, proceeds raised from public shareholders. This is to ensure they can only be used to fund:

- an acquisition (approved by the Board and by public shareholders); or
- redemptions of shares from shareholders; or
- repayment of capital to public shareholders if the SPAC winds up or fails to find a target or complete an acquisition within the time limit.

We think that a ring-fenced account for the proceeds is an important measure to protect investors from misappropriation or excessive running costs being incurred by the SPAC's management.

We note that the UK recently introduced such a requirement. The UK's FCA avoided specifying that funds must be held e.g., in trust or an escrow account. Both methods appear to be commonly used in other markets and may each be appropriate. We think it is beneficial to allow a degree of flexibility for issuers, recognising for example that trust law is not consistent in all jurisdictions and differs significantly between common law and civil law jurisdictions.

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?

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

Please explain your reasoning: *[2000 character(s) maximum]*

It is important for SPAC vehicles to understand whether they fall within the various EU regulatory regimes which relate to sustainability disclosure: the EU Taxonomy Regulation, the NFRD and its successor the CSRD. CSRD extends NFRD scope to cover SMEs with securities listed on regulated markets and requires audited reporting on a full range of ESG and sustainability issues. However, we note that the resulting transparency on a listed vehicle's sustainability performance may be less effective in the case of a newly incorporated SPAC vehicle which is making statement on future plans.

We also note ESMA's Public Statement that "if the issuer intends to invest in a 'green' target or a tech company but is also able to select a target outside of these sectors, the name of the issuer should not imply that it will only invest in ESG or tech companies."

As stated above to ensure a harmonised approach across Europe, we recommend that the EU Commission (in consultation with ESMA) develops and adopts delegated acts and/or technical standards, and/or that ESMA develops Level 3 guidelines, in each case with respect to the requirements and expectations set out in the ESMA Public Statement. We support the ability of a SPAC to have an "escape clause" which allows it to invest in other sectors and geographies to those outlined in the prospectus should the board of the SPAC so decide, but would support this not being allowed in the case of SPACs with sustainability or ESG as part of their name and / or investment thesis given the importance certain investor place on ESG investment screens or approaches.

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]*

(A) <u>The application of AIFMD to SPACs</u>

The AIFMD regulates all "alternative investment fund managers" ('**AIFM**') (EU or non-EU) managing or marketing "alternative investment funds" ('**AIFs**') (EU or non-EU) within or into the EU. AIFMs are therefore directly regulated, whereas the AIFMD applies indirectly to the funds they manage. Frequently on SPAC transactions, firms must consider the structuring of the SPAC vehicle to mitigate the risk of it being re-categorised as an AIF.

An AIF is defined as a collective investment undertaking ('**CIU**'), defined as follows:

(a) the undertaking does not have a general commercial or industrial purpose;

(b) it pools together capital raised from its investors for the purpose of investment with a view to generating a pooled return for those investors from investments; and

(c) the unit holders, warrant holders or shareholders of the undertaking - as a collective group - have no day-to-day discretion or control.

Legal practitioners across the EU generally agree that at the point of a SPAC IPO, (i) limb (a) above is not satisfied, (ii) limb (b) above is not satisfied, and limb (c) above is satisfied, and therefore the definition of a CIU is not met. However, there is a lack of EU level guidance on this topic and market participants are reliant on individual NCAs taking a similar view or not commenting during the prospectus review process. There is also a lack of guidance at member state level, so it would be helpful to have ESMA confirm that a SPAC meeting certain characteristics is not an AIF.

Furthermore, in the US, SPACs are able to invest the SPAC proceeds in low-risk securities such as money market funds under Rule 2a-7 of the U.S. Investment Company Act without being classified as an "investment company" thereunder. Market participants believe that any investment of the proceeds held by an EU listed SPAC in the escrow account will substantially increase the risk that the SPAC is classified as an AIF – indeed this has been confirmed by the AFM in the Netherlands.

However, this disadvantages investors in European SPACs and their sponsors as unlike in the US they are not able to invest the escrow proceeds in low- risk money market instruments to address the cost of negative interest rates and / or inflation. We would ask that, under certain conditions, EU listed SPACs be permitted to undertake similar activities.

(B) Profit Forecasts

If financial projections have been shared with PIPE investors, in particular short-term projections, it is likely to be necessary to cleanse the PIPE investors of that information at the time of announcing the PIPE and the business combination.

In most circumstances a prospectus would have been published at the time of the PIPE investment and the business combination. If so, the projections shared with PIPE investors will likely have to be included in the prospectus (we note that there are potentially ways to cleanse this forward-looking information without constituting a profit forecast for the purposes of the PR Rules). However, the definition of "profit forecast" is very wide, making market participants in Europe less willing to share projections with investors in European SPACs over concerns about the PR disclosure standards and the additional potential liability for such profit forecasts. This contrasts with the United States where there is no equivalent profit forecast prospectus regulation rule and there is a liability "safe harbor" for profit forecasts published in connection with a SPAC.

As stated in our response to question 25 above, we believe that the liability for "profit forecasts" and "forward looking statements" ought to be modified whereby the issuer will be held liable for such statements only if the issuer was aware of the falsity of such statements or has intentionally made the statement to mislead investors. This standard of "recklessness" is the standard adopted by the SEC in the United States, and proposed to be adopted in the UK.

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 and (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 officiallisting, provided that (i) such additional conditions apply to all issuers; and (ii) they have been published before the application for admission of such securities.

92. (a) 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 your reasoning: *[2000 character(s) maximum]*

We note that the original requirements under the listing directive have broadly been superseded by the Prospectus Regulation, Transparency Directive and MAR (and MiFID), with reference to securities admitted to regulated markets, leaving a small number of provisions surviving under the Listing Directive relating to the official list. The concept of listing (i.e., something administered by a regulator (the competent authority)) remains separate from admission to the regulated market (subject to the rules of an exchange), however the terms "admission to the official list" and "admission to a regulated market" are used interchangeably (with little distinction) therefore there is a view that removing the concept of "admission to the official list" could provide clarity. However, there may be consequences of abolishing the official list concept that would need attention – for example some legislation and investment mandates refer to the concept of listing or listed securities and their meaning might not be clear if the concept was simply abolished.

Members believe that parts of the Listing Directive could be deferred to exchanges, under the general supervision of the financial regulators, a similar approach has been considered in the UK as part of the FCA's Primary Markets Effectiveness review. On balance, while the Listing Directive is only of limited use compared to when it was originally introduced, it may ultimately be the view that whilst there is a slight inconsistency/conflict, there is no strong reason for amending the status quo.

Nevertheless, in respect of the substantive requirements, members believe that changes could be valuable in the following areas:

- **Free Float:** see our response to Question 96
- **Minimum market capitalisation:** see our response to Question 95
- **Three years' accounts**: this is not necessary given the Prospectus Regulation requirement – alternatively, it could be replaced by a requirement under the Transparency Directive or exchanges' own rules.

(b) If you answered "No" to question 92(a), do you believe that the Listing Directive should be (please put an X in the box corresponding to your chosen option):

Repealed	
Amended as a Directive	
Amended and transformed in a Regulation	
Incorporated in another piece of legislation (please specify)	

Don’t know/ no opinion / not relevant	

Please explain your reasoning: *[2000 character(s) maximum]*

No comment.

2.4.3.1. Definitions (Response TBD)

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

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

(b) If you answered “Yes” to question 93(a), what changes would you propose?

Please explain your reasoning: *[2000 character(s) maximum]*

See our response to Question 92(a). Given that the Listing Directive is previous to the Prospectus Regulation, Transparency Directive MAR and MiFID, its definitions and wording are, in some occasions, not fully aligned to those more recent pieces of legislation.

2.4.3.2. Listing conditions

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 inlight of local market conditions?

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

Please explain your reasoning: *[2000 character(s) maximum]*

Residual application of the Listing Directive requirements. Specific listing requirements included in local legislation implementing the Listing Directive do not typically involve concerns or debates in the context of transactions (other than minimum free float requirement – See our response to Question 92(a).

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).

95. (a) How relevant do you still consider the following requirements?

	1 (not relevant at all)	2 (rather not relevant)	3 (neutral)	4 (rather relevant	5 (very relevant)	Don't know/No opinion/Not relevant
1. **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)).		X				
2. **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).		X				

3. **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)).					x	

Please explain your reasoning: *[2000 character(s) maximum]*

Please see responses to Questions 92(a) and 95 (b), (c) and (d) below.

(b) Regarding the foreseeable market capitalisation would you consider adifferent threshold?

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

Please explain your reasoning: *[2000 character(s) maximum]*

No change seems to be needed unless a higher threshold is intended to be used to push smaller issuers onto small cap markets which might help promote those markets.

Having said that one million euros as minimum market capitalisation looks far too low and in practice competent authorities expect or may make indications of higher thresholds to be met, irrespective of what it is legally required for admission to official listing.

Alternatively, the provision could be removed and left to exchanges' own rules, if and as applicable.

(c) 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 your reasoning: *[2000 character(s) maximum]*

See our response to Question 92(a). This requirement is no longer relevant or necessary given Prospectus Regulation requirements (and exemptions) for listing purposes. Given that issuers are often re-structured, result from a business combination or may be a newly established holding company of a group, the requirement to have a minimum number of years for which the issuer has prepared financial statements is often waived given that the complex financial history regime of the Prospectus Regulation provides a sufficiently flexible solution.

[New Consultation Section]

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%.

96. (a) In your opinion is free float a good measure to ensure liquidity?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(b) In your opinion, could a minimum free float requirement be a barrier tolisting?

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

Please explain your reasoning: *[2000 character(s) maximum]*

(c) In your opinion, is the recommended threshold set at 25% appropriate?

- o Yes
- o No (please specify in the textbox below whether it should be higher or lower)
- o Don't know/ no opinion / not relevant

Please explain your reasoning: *[2000 character(s) maximum]*

(d) In your opinion, is it necessary to maintain the national discretion to departfrom the recommended threshold for free float?

- o Yes

No

- Don't know/ no opinion / not relevant

Please explain your reasoning: *[2000 character(s) maximum]*

Please see our response to Question 6.

Initial free float helps liquidity post IPO but does not ensure it.

Given that minimum free float requirements may become a barrier to listing, it would seem reasonable to reduce the recommended threshold to 10-15%. Notwithstanding the suggestion to reduce free the float threshold, members do not object to allowing NCAs (or potentially listing authorities) discretion to adopt variable local requirements which vary to some extent around a reduced base requirement.

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? Please specify which ones.

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

Please explain your reasoning: *[2000 character(s) maximum]*

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.

Please also see our response to Question 92(a).

98. (a) 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

(b) If you answered "No" on question 98(a), which changes would you propose?

Please explain your reasoning: *[4000 character(s) maximum]*

2.4.3.3. Competent Authorities

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

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

Please explain your reasoning: *[4000 character(s) maximum]*

These provisions are de facto superseded by the new EU supervisory architecture.

2.4.3.4. Other

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

Please explain your reasoning: *[4000 character(s) maximum]*

2.4.4 Shares with multiple voting rights

[STET the Commission Language below]

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 your reasoning and substantiate with evidence where possible: *[2000 character(s) maximum]*

Yes. It is understood that one of the key reasons for the wave of tech, high growth issuers looking to list in the US (in addition to the size of the market) is the flexibility of multiple voting structures permitted in the listing regime. Issuers in the US often have multiple classes of shares in issue (with some, for example Snap, having "non-voting" shares that enjoy purely economic benefits). The UK has also seen an increase in recent years of issuers coming to market with multiple voting right structures, demonstrated by the high profile listings of 2021 that incorporated such structures including The Hut Group, Oxford Nanopore, Wise and Deliveroo.

102. (a) In your opinion, what impact do shares with multiple voting rights have on the attractiveness of a company for investors? Please put an X in the box corresponding to your chosen option.

Negative impact	
Slightly negative impact	X
Neutral	
Slightly positive impact	
Positive impact	
Don't know/no opinion	

Please explain your reasoning: *[2000 character(s) maximum]*

We believe that dual class share structures can be useful and are particularly important in certain situations, particularly for high-growth, innovative, founder-led companies looking to list.

We note that the New York Stock Exchange and NASDAQ permit broad listed and unlisted DCS arrangements, offering a range of DCS structures from enhanced voting shares (e.g., Facebook) to classes with no voting rights (e.g. Snap).

The Hong Kong Stock Exchange (HK) takes a more restrictive approach, whilst still facilitating DCS structures for certain issuers by permitting founders of companies, who are also directors of the issuer, to hold weighted voting rights on a "sunset" basis, subject to carve-outs for fundamental resolutions and a minimum holding (amongst other conditions). HK listing rules include a prescriptive set of requirements that a shareholder must satisfy to be eligible for holding shares under a DCS structure.

We believe that any changes should strike an appropriate balance between preserving key governance protections whilst allowing a continuity of control in the hands of founders to be maintained for a transitional period after IPO, to allow founder led companies to come to market, whilst still protecting and preserving that founder vision from short-term market pressures.

Any flexibility around multiple class share structures should be approached in a way that safeguards governance standards, including mandatory sunset clauses, non-transferability, automatic cancellation /conversion on exit, elective conversion into ordinary shares (and automatically on a purported transfer or exit (unless structured to be cancelled instead)), and reservation of certain matters for holders of ordinary shares only.

In conclusion, we believe that in order for the EU to remain a competitive market amongst the increasing number of prospective issuers desiring DCS capital structures, such structures should be permitted and/or reviewed to determine the best EU approach.

(b) When multiple voting right share structures are allowed, do you believe limits to the voting rights attached to a single share improve the attractiveness of the company to investors?

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

Please explain your reasoning: *[2000 character(s) maximum]*

For the reasons stated above, we think it is advantageous to restrict the usage of voting class structures such that there is a clearly established regime in which issuers can come to market with such structures in place. This will allow investors to have the comfort that whilst certain structures may come to market, there are clear limits to which they can preserve control in the hands of a small number of holders.

(c) If you answered "Yes" to question 102(b), please indicate what ratio you consider acceptable to overcome potential drawbacks associated with shares with multiple voting rights. Please put an X in the box corresponding to your chosen option.

2:1	
10:1	
20:1	x
Other (please explain)	
Don't know / No opinion	

Please explain your reasoning: *[2000 character(s) maximum]*

If a ratio limit is to be adopted, the limit which has been applied in the UK and is reflective of market practice on recent transactions is 20:1. Consideration should also be given to the anti-avoidance aspects of any rule changes to ensure that the ratio is not able to be circumvented by having multiple classes with different economics.

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?

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

Please illustrate your reasoning, namely in terms of advantages and disadvantages
[2000 character(s) maximum]

We support the inclusion of sunset clauses and find them helpful in addressing some of the investor concerns related to multiple share class structure frameworks. They provide investors with a clear roadmap to "ordinary" listed life without multiple voting right structures in place, whilst also giving issuers enough time to adapt to listed life with the level of retained control as they see as being appropriate.

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? -

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

Please illustrate your reasoning, namely in terms of advantages and disadvantages
[2000 character(s) maximum]

Members consider any effort to allow for a standardised and aligned multiple voting right regime across EU trading venues to be preferable so that prospective issuers (and investors alike) can look at the EU market as a whole an easily understand what is and is not permitted in this context, instead of deciding between listing venues within the EU based on the voting structures they permit.

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

Please explain your reasoning: *[4000 character(s) maximum]*

None other than our responses to Questions 100, 102 and 103.

Corporate Governance standards for companies listed on SME growthmarkets **(N/A)**

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.

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

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

Please explain your reasoning: *[2000 character(s) maximum]*

106.1 If you see merit, which of the following option(s) would be most suitable for a possible initiative on corporate governance? Please put an X in the box corresponding to your chosen option(s).

SME growth market operators should require in their own rulebook that issuers comply with corporate governance requirements tailored to local conditions.	

SME growth market operators should recommend in in their own rulebook that issuers comply with corporate governance requirements tailored to local conditions.	
EU legislation should set out corporate governance principles for issuers listed on SME growth markets while allowing Member States and/or market operators' flexibility in how to implement the principles.	
Corporate governance requirements for companies listed on SME growth markets should be fully harmonised at EU level.	
Other	
Don't know / no opinion / not relevant	

Please explain your reasoning, notably on the advantages and disadvantages of the preferred option *[2000 character(s) maximum]*

107. (a) 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 (please rate each proposal from 1 to 5, 1 standing for "no impact" and 5 for "very significant positive impact"):

	1	2	3	4	5	No opinion
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)						

○ 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 specify)						

Please explain your reasoning: *[4000 character(s) maximum]*

(b) 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	2	3	4	5	No opinion
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)						
○ 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 specify)						

Please explain your reasoning and, if possible, provide supporting evidence,notably in

terms of costs (one-off and ongoing costs): *[4000 character(s) maximum]*

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

Please explain your reasoning: [4000 character(s) maximum]

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

109. (a) 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 processand 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).

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

(b) If you responded "yes" to question 109(a), please provide details in the textbox below.

Please explain your reasoning: *[4000 character(s) maximum]*

In some EU Member States, there is a presumption of liability for an intermediary (i.e., the bank acting as lead manager) for false information or omissions that could influence the reasonable investment decisions of an investor, unless the intermediary can prove that it conducted all due diligence that was necessary to verify that the information provided in the prospectus was factual and that no required information was omitted.

This presumption extended the prospectus liability regime introduced by European legislation to the lead manager of the placement, while also providing for the aforementioned presumption of liability. We note in this regard that the Prospectus Regulation does not provide for any presumption of responsibility for false information or omissions in the prospectus (nor indeed the person responsible for the placement). This provision may increase the potential liability of an intermediary acting as lead manager of a placement and may result in an "uneven playing field" between different EU countries. It also risks frustrating the intent of the EU to create a regulatory framework that ensures uniformity of information and the functioning of the passport in the Union.

Additional information

Should you wish to provide additional information (for example a position paper) explaining your position or raise specific points not covered by the questionnaire, you can upload your additional document here. Please note that the uploaded document will be published alongside your response to the questionnaire, which is the essential input to this targeted consultation.