



POSITION ON THE (AMENDMENTS TO THE) DRAFT REPORT OF THE EP COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS ('ECON') ON THE PROPOSAL FOR A DIRECTIVE AMENDING DIRECTIVE 2014/65/EU TO MAKE PUBLIC CAPITAL MARKETS IN THE UNION MORE ATTRACTIVE FOR COMPANIES AND TO FACILITATE ACCESS TO CAPITAL FOR SMALL AND MEDIUM-SIZED ENTERPRISES AND REPEALING DIRECTIVE 2001/34/EC (COM (2022) 760 final)

SUMMARY OF KEY MESSAGES

Eumedion, representing the interests of institutional investors who have more than € 8 trillion assets under management, has reviewed the (amendments to the) draft report of the EP ECON Committee's rapporteur Alfred Sant and would like to make some comments.

Role for ESMA in developing a code of conduct for issuer sponsored research

We consider it not in the interest of investors that codes of conduct that govern issuer-sponsored research could differ per Member State. We therefore welcome the amendments that require ESMA to develop such code of conduct. Eumedion also supports the amendments that govern the enforcement of a single European code of conduct by the respective national competent authority of each Member State. **We therefore support amendments 18, 28-31, 34, 35, 36** and are against the amendments 20 and 25 that would allow for deviations from maximum harmonisation.

Independent research providers should comply with code of conduct for issuer sponsored research

The mere fact that an independent research provider has no related brokerage or trade execution business that could pose a conflict of interest, does not mean that independence could be infringed in other ways, for example through possible direct sponsorship by the issuer. **Therefore, we are against amendment 45.**

The existing threshold for alleviating the research unbundling rules is too low

Eumedion supports alleviating the research unbundling rules by increasing the threshold of companies' market capitalisation. **Therefore we are against amendment 40**, which would maintain the current market capitalisation threshold at EUR 1 billion.

No public funding of equity research

Eumedion agrees that public markets in the European Union would benefit from more (independent) equity research, however the use of public funds to sponsor such research cannot be justified.

Therefore we are against amendment 15.

General exemption for research on corporate debt instruments

Fixed income corporate credit markets never traded with 'bundled' fees but on their actual bid-offer, which did not incorporate any implicit charge for research costs. Prevailing best execution rules already ensured execution in the best interest of the client. The introduction of MiFID II for fixed income corporate credit research has not resulted in tighter bid-offer spreads. This was in line with our expectations. MiFID II has raised both research and administrative costs for investors. Therefore: Eumedion suggests to exempt all fixed income corporate credit research from the MiFID II regime, irrespective of whether the research concerns SMEs or larger entities.

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