

Promotion of the use of SME growth markets

2018/0165(COD) - 18/04/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 448 votes to 18, with 71 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 596/2014 and (EU) 2017/1129 as regards the promotion of the use of SME growth markets.

The proposed legislative amendments aim in particular at lowering the administrative burden and compliance costs faced by SME Growth Market issuers and resulting from the application of the [Market Abuse Regulation](#) and the [Prospectus Regulation](#). This initiative also seeks to promote liquidity by ensuring that any SME Growth Market issuer in the EU can enter into a liquidity provision contract.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Horizontal Union policy for SMEs

The amended text underlined that a horizontal Union policy for SMEs is therefore essential. Such policy needs to be inclusive, coherent and effective, and must take into account the various subgroups of SMEs and their different needs.

Regulatory alleviation shall be for the benefit of those smaller companies that have growth potential.

The success of an SME growth market should not be measured simply by the number of companies listed, but rather by the rate of growth achieved by the listed companies.

Insider lists

The proposed alleviation relief would allow issuers in SME growth markets to maintain only a list of persons, such as directors, members of management bodies or in-house counsels, who, in the normal course of their duties, have regular access to inside information.

However, since some Member States deem insider lists to be an important element for ensuring a higher level of market integrity, Member States shall be provided with the option to introduce a requirement for the SME Growth Market issuers to provide more extensive insider lists that include all persons who have access to inside information. Nevertheless, taking into account the need to ensure a proportionate administrative burden for SMEs, these lists should contain an alleviated amount of information as compared to full insider lists.

The obligation to establish lists of insiders shall be incumbent on both issuers and persons acting in their name or on their behalf. Issuers and any person acting on their behalf or on their account, shall take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

A shorter 'Prospectus' more suitable for SMEs

The EU Growth Prospectus is short and therefore economical to produce, reducing costs for SMEs. As a result, it is planned to amend Regulation (EU) 2017/1129 of the European Parliament and of the Council shall be amended to allow firms seeking an initial public offer with a tentative market capitalisation of below EUR 200 million to draw up an EU Growth Prospectus.

Impact assessment of the legislation

When reviewing all legislation relating to the financing of listed and unlisted SMEs, the Commission shall analyse regulatory and administrative barriers, including on research, that limit or prevent investment in SMEs. In doing so, the Commission should assess the evolution of capital flows to SMEs and strive to create a favourable regulatory environment to foster the financing of SMEs.