Increasing the attractiveness of public capital markets and facilitating access to capital for SMEs – amending Directive

2022/0405(COD) - 26/10/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Alfred SANT (S&D, MT) on the proposal for a directive of the European Parliament and of the Council 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.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

General principles and information to clients

Members called on the ESMA to develop draft regulatory technical standards to establish a harmonised **Union code of conduct for issuer-sponsored research**. The code of conduct shall set out minimum standards of independency and objectivity to be complied with by the providers of such research and specify procedures for the identification and prevention of conflicts of interest.

The Union-wide code of conduct for issuer-sponsored research should be made publicly available on ESMA’s website.

Research that is labelled as issuer-sponsored research should indicate on its front page in a clear and prominent way that it has been prepared in accordance with the Union code of conduct. Any other research material paid fully or in part by the issuer but not prepared in compliance with the Union code of conduct should be labelled as marketing communication. Member States should ensure that competent authorities have the necessary supervisory and investigative powers to enforce compliance by investment firms producing or using issuer-sponsored research with the Union code of conduct.

Obligation to execute orders on terms most favourable to the client

Member States should require that investment firms take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature, the provision of investment research, or any other consideration relevant to the execution of the order.

ESMA should develop guidelines on how investment firms providing portfolio management or other investment or ancillary services to clients can comply with their best execution obligations when the investment firm uses joint payments for execution services and research.

SME growth markets

The amended text proposed that Member States should require that a financial instrument of an issuer which is admitted to trading on an SME growth market is able to be traded on another trading venue only if the issuer has been duly informed and has not objected.