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

2022/0405(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 535 votes 16, with 39 abstentions, a legislative resolution 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 aim of the proposed Directive is to ease Union small- and middle-capitalisation companies' access to capital markets and increase the coherence of Union listing rules.

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

General principles and customer information

Research produced by investment firms or by third parties and used by, or distributed to, those investment firms, their clients or potential clients, should be fair, clear and not misleading.

The amended text stipulates that investment firms providing portfolio management or other investment or ancillary services should ensure that the research they distribute to clients or potential clients which is paid for, in full or in part, by an issuer should be labelled as '**issuer-sponsored research**' only if it is produced in compliance with the EU code of conduct for issuer-sponsored research.

ESMA should develop draft regulatory technical standards to establish an EU code of conduct for issuer-sponsored research. That code of conduct should set out standards of independence and objectivity, and specify procedures and measures for the effective identification, prevention and disclosure of conflicts of interest.

ESMA should submit those draft regulatory technical standards to the Commission by 12 months from the date of entry into force of this amending Directive.

The EU code of conduct for issuer-sponsored research should be made publicly available on ESMA's website.

ESMA should assess at least every five years following the adoption of the regulatory technical standards referred to in the Regulation, whether the EU code of conduct for issuer-sponsored research needs to be amended, in which case it should submit draft regulatory technical standards to the Commission.

When submitting that research to the collection body, the issuer should ensure that it is accompanied by **metadata** specifying that the information complies with the EU code of conduct for issuer-sponsored research.

Provision of research by third parties

The provision of research by third parties to an investment firm providing portfolio management or other investment or ancillary services to clients should be regarded as fulfilling the obligations under the Regulation if:

- an agreement has been entered into between the investment firm and the third-party provider of research and execution services establishing a methodology for remuneration;

- the investment firm informs its clients of its choice to pay either jointly or separately for execution services and research and makes available to them its policy on payments for execution services and research;

- the investment firm assesses on an annual basis the quality, usability and value of the research used, as well as the ability of the research used to contribute to better investment decisions; ESMA may develop guidelines for investment firms for the purpose of conducting those assessments;

- where the investment firm chooses to pay separately for execution services and third-party research, the provision of research by third parties to the investment firm is received in return for either of the following: (i) direct payments by the investment firm out of its own resources; (ii) payments from a separate research payment account controlled by the investment firm.

SME growth markets

Member States should require that where a financial instrument of an issuer is admitted to trading on one SME growth market, that financial instrument may also be traded on another trading venue only where the issuer has been informed and has not objected. Where the other trading venue is another SME growth market, the issuer should not be subject to any obligation relating to corporate governance, or initial, ongoing or ad hoc disclosure, with regard to that other SME growth market.

Specific conditions for the admission of shares to trading

Member States should ensure that regulated markets require that the foreseeable market capitalisation of the company for whose shares admission to trading is sought, or if that cannot be assessed, that company's capital and reserves, including profit and loss, from the last financial year, should be at least **EUR 1 000 000** or an equivalent amount in a national currency other than the euro.

Where, as a result of an adjustment of the equivalent amount in a national currency other than the euro, the market capitalisation expressed in the national currency remains for a period of one year at least **10 %** more, or at least 10 % less, than EUR 1 000 000, the Member State should, within the 12 months following the expiry of that period, adjust its laws, regulations or administrative provisions to comply with the Regulation.

Supervisory powers

Competent authorities should be given all supervisory powers to: (i) suspend the distribution by investment firms of any issuer-sponsored research not produced in compliance with the EU code of conduct for issuer-sponsored research; (ii) where any issuer-sponsored research is not produced in compliance with the EU code of conduct for issuer-sponsored research, issue warnings to inform the public that that research is not produced in compliance with the EU code of conduct for issuer-sponsored research.