

Press Release

Brussels, 8 June 2017

‘EU publicly quoted companies welcome the Commission’s plans to continue implementing the CMU action plan following the Mid-Term Review but regret that they do not sufficiently address the challenges ahead’

EuropeanIssuers, representing the interests of publicly quoted companies across Europe, welcomes the Commission’s renewed commitment to the Capital Markets Union Action Plan contained in its Communication on the Mid-Term Review published today.

Florence Bindelle, Secretary General of EuropeanIssuers, said: *“We support the Commission’s growth agenda which puts emphasis on the importance of the real economy, the need to stimulate investment, and recognizes the importance of strong capital markets in delivering growth and jobs.”*

EuropeanIssuers believes that capital markets exist to serve the real economy – companies and investors. What EU quoted companies seek from capital markets is flexible access to capital, good risk management, transparency of ownership, effective dialogue with investors, access to market information, sound advice from corporate advisers and transparency of costs charged by intermediaries. To strengthen long-term investment, we need EU legislation that creates an environment in which companies can grow and create jobs, easily raise capital through public markets, deliver sustainable growth over the longer term, whilst investors are well informed.

Tim Ward, co-chair of the Smaller Issuers Committee of EuropeanIssuers, welcomed the announced SME Growth Markets initiatives and an impact assessment aimed at targeted amendments to relevant EU legislation to deliver a more proportionate regulatory environment to support SME listing. He commented: *“These proposals provide an excellent opportunity for the needs and challenges of the small and mid-caps to be finally addressed. For capital markets to flourish, we need a holistic approach with proportionate rules for smaller and mid-size listed companies”.*

Ms. Bindelle added, *“While we very much appreciate measures aimed at making it easier for smaller companies to list, existing capital markets regulations hamper the ability of companies of all sizes to deliver growth and jobs, because of excessive reporting requirements and of the restrictions they place, together with prudential regulations, on access of companies to institutional and private investors. We believe an alleviation of regulatory and administrative costs is crucial for all listed companies and would not reduce the protection legitimately expected by investors.”* She stressed that *“the plans of the Commission do not sufficiently address the challenges for the financing of the European economy which lie ahead, especially because of the consequences of Brexit, which may result in increased market fragmentation and less liquidity in European markets. EU regulation should be judged as to whether the outcomes created actually help the real economy.”*

Whereas most of the Commission’s proposals are mainly positive, EuropeanIssuers advises caution in respect to the planned action on the rules on conflicts of law regarding securities ownership rules and third-party effects of assignment of claims and the announced initiative on removing barriers to post-trade market infrastructure. It is important that the needs of companies and investors, being the end users of capital markets, are set as the primary goals of the initiatives, and are not overshadowed by the interests of the intermediaries.

NOTES TO EDITORS

About EuropeanIssuers

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU Institutions. There are 13,225¹ such companies on both the main regulated markets and the alternative exchange-regulated markets. Our members include both national associations and companies from all sectors in 14 European countries, covering markets worth €7.6 trillion market capitalisation with approximately 8,000 companies.

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About the Emerging Growth Companies (Small and Mid-Caps)

There are many diverging definitions of SMEs and often confusion between SMEs proper (corner shops, small businesses that do not have necessarily intention to grow) and small and mid-size quoted companies, which are aiming to expand and seek equity capital. For instance, the SME Growth Markets definition for the purpose of MiFID 2 is €200 million market cap, the definition in the ELTIF directive is €750 million market cap, while industry small-cap fund definitions range from €1 to 7bn (see [Staff working paper](#) to [EU IPO Task Force report](#) for more information). The US definition for Emerging Growth Companies is USD 1 billion revenues or within 5 years of listing. Following the EU IPO Task Force proposal, EuropeanIssuers adopted a definition of Emerging Growth Companies for quoted companies below €1 billion revenues or within 5 years of listing.

¹ FESE, LSE and Borsa Italiana stats