

# ANNUAL REPORT

2019



EuropeanIssuers

*Serving EU quoted companies*

## Contents

FOREWORD BY THE CHAIRMAN .....	4
MESSAGE FROM THE SECRETARY GENERAL .....	5
Our Mission .....	6
Our Strengths .....	6
Our Long-Term Vision .....	6
PART I: ACTIVITY REPORT .....	7
Reports from Committees .....	8
Policy Committee .....	8
Smaller Issuers Committee .....	9
European Issuers Regulatory Tracker .....	9
2019 Policy Priorities .....	10
I. High Priorities .....	10
Sustainable Finance .....	10
Sustainable Finance Package .....	10
Capital Markets Union .....	16
EMIR - European Market Infrastructure Regulation Review .....	17
Shareholder Rights Directive .....	19
Better regulatory environment for small & mid-caps .....	21
Corporate Reporting .....	25
Public Country by Country Reporting .....	29
Prospectus Regulation .....	30
Company Law .....	32
European Single Electronic Format .....	34
Market Abuse Regulation/Directive .....	36
Financial Transaction Tax (FTT) .....	38
II. Other Dossiers .....	39
PRIIPs & Corporate Bonds .....	39
U.S. Class Action Lawsuits .....	40
PART 2: ASSOCIATION REPORT .....	41
I. Communication and Marketing .....	41
1) Communication .....	41
2) Events .....	47
II. Membership .....	49
Member Services .....	51

PART 3: General Matters.....	52
Annual General Meeting .....	52
Financial Model .....	52
Business Model.....	52
Financial Statements 2019 .....	53
Income Statement.....	53
Statement of Financial Position .....	53
Governance.....	53
List of Abbreviations – Annual Report 2019.....	62

## FOREWORD BY THE CHAIRMAN



Luc Vansteenkiste

2019 has been an eventful year on the European arena from the negotiations leading towards Brexit to the new elections of the European Institutions. Despite the Brexit impact on the EU still being uncertain, the President of the European Commission has encouraged the Union to bring forward “a fresh start for Europe”<sup>1</sup>, including improving competitiveness and sustainability in the European market.

Beside the fact that sustainable finance is at the top of everyone’s agenda, the reviews of the Market Abuse Regulation, the Non-Financial Reporting Directive and MiFID II will also be high priorities for EuropeanIssuers.

I have also taken part in the discussion of the Capital Market Union High-Level Forum on the Sub group on an “Ecosystem for capital raising with special focus on SMEs” as one of the few representatives of corporates and I am striving to propose recommendations to ensure that businesses can access capital markets across the EU on equal terms and irrespective of their geographical location. I invite you to look at the policy section of this report for an overview of our policy work, successes and challenges. In 2020, we will pursue our efforts in increasing corporates’ access to finance, reducing regulatory burdens and costs that impede growth and continuing to raise the visibility of EuropeanIssuers vis-à-vis the European Institutions and other major industry stakeholders.

I also chaired the second edition of the “EuropeanIssuers Advisory Council” on 7 June 2019. We discussed *investment trends in the EU financial landscape* to strengthen the dialogue between senior executive representatives of business and high-level politicians across Europe.

Finally, I would like to express my deep appreciation for EuropeanIssuers’ member’s valuable contribution and dedication in building a better regulatory environment that helps companies flourish, innovate and create jobs across the EU and beyond. It is only by joining our forces and acting together that we can make change and contribute to building a better Europe that delivers!

---

<sup>1</sup>Von der Leyen, U., Speech in the European Parliament Plenary on the occasion of the presentation of her College of commissioners and their programme, 2019.

## MESSAGE FROM THE SECRETARY GENERAL



Florence Bindelle

2019 has ended, and we now open up a new chapter of opportunities and challenges for the next decade. On behalf of EuropeanIssuers' Board members, we sincerely thank you for your support, loyalty and trust in our association throughout 2019.

EuropeanIssuers' team has been engaged and committed to improving the EU regulatory framework for listed companies through its advocacy work. Working closely with our members, we actively engage with EU institutions to discuss how to improve new proposed rules.

We have overcome many challenges and can show achievements in various European regulatory files such as the Small and Medium Enterprise Growth Markets Regulation, Guidelines Corporate Reporting, Sustainable Finance, Market Abuse Regulation, Public Country-by-Country Reporting, and the Shareholders Rights Directive: Market Standards Practices & Remuneration.

Earlier in the year, we published our vision "[Competitiveness is the core for a sustainable Europe](#)", displaying our position on thematic areas. This vision will serve us throughout the Commission mandate for 2019-2024. Clear and concise, it was highly welcomed by officials from EU institutions with whom EuropeanIssuers interacted.

We initiated regular conference calls with our corporate members to update them on the major policy developments affecting issuers. These calls also serve to exchange views on the implications of regulatory changes monitored by EuropeanIssuers in specific sectors and ensure that their concerns are being heard.

For the seventh year in a row, EuropeanIssuers has organised the "[European Small and Mid-Cap Awards](#)" in collaboration with FESE and the European Commission. The events are a great success and attract prestigious new listed companies and participants. Both the promotion of the conference and the awards ceremony generated an increase to our overall visibility and profile by promoting website and social media traffic.

During 2019, EuropeanIssuers launched its Regulatory Tracker which was welcomed by many of our members. The Regulatory Tracker compiles all the work EuropeanIssuers has done on important legislative dossiers in one place to ease the follow-up on new financial proposals, laws or reforms.

Looking ahead to the year 2020, EuropeanIssuers will focus on the main priorities of the new political agenda of the European Parliament and the European Commission which are sustainable finance, corporate governance and the review of major pieces of legislation related to market abuse and corporate reporting. Together with FESE and the European Commission, we will also be organising the next SME Awards edition during the SMEs Week in Germany which will be holding the Council of the EU's presidency. We are currently organising the third edition of our EuropeanIssuers Advisory Council Meeting.

We look forward to our continued cooperation.

## Our Mission

EuropeanIssuers is the voice of European quoted companies towards the European institutions and, by monitoring, reviewing and influencing new regulations in the field of financial markets, corporate governance and company law, we ensure that companies' views are heard by decision makers.

## Our Strengths

- **Profound knowledge of both financial markets and companies**

With our network of national experts analysing the implications of financial market regulation for the non-financial corporates, we have expertise in company law and corporate governance, and their interconnection with financial regulation. We draw from the expertise from different functions within companies, i.e. directors, company secretaries, investor relations representatives, and chairmen, among others.

Our committees and Working Groups provide a platform for discussion, exchange of information and networking among companies and associations from different EU countries.

- **Representing the real economy**

Our national member associations have a majority of their country's market capitalisation in their own membership and thus have a strong base in the real economy.

- **Practical knowledge of the EU structures**

Through our representative office in Brussels and our national member representatives with strong links to national governments in the Council of the European Union and to their national MEPs, we have established a wide network of contacts in Brussels. We follow EU legislative processes closely in order to keep members informed and provide timely briefings to the EU institutions.

## Our Long-Term Vision

EuropeanIssuers' vision is to be a major contributor to the organisation and competitiveness of EU capital markets. Thanks to an adapted regulatory environment and better access to finance, European quoted companies, notably SMEs and mid-caps, will be able to better compete globally and deliver growth and jobs.

## PART I: ACTIVITY REPORT

2019 was a year of success for EuropeanIssuers.

24<sup>th</sup> of January: Luc Vansteenkiste represented EuropeanIssuers at the “Future of Corporate Governance” conference organised by the European Commission.

2<sup>nd</sup> April 2019, Luc Vansteenkiste spoke at the 23<sup>rd</sup> European Corporate Governance meeting organised by EY, endorsed by the Romanian Government and set up under the auspices of the Romanian Presidency of the Council of the European Union.

7<sup>th</sup> June EuropeanIssuers held its Advisory Council with 26 attendees and discussed the attractiveness of European capital markets and its investment potential.

12<sup>th</sup> November: The Small and Mid-Cap Awards Ceremony, co-organised with FESE and the European Commission, was a success with 5 companies having been awarded from 5 different countries.

29<sup>th</sup> November: EuropeanIssuers partnered alongside the Quoted Companies Alliance and Middlednext in the 10<sup>th</sup> IR Society hosted by Kepler Chevreux in Amsterdam, the Netherlands.

With the objective to reinforce EuropeanIssuers’ policymaking, we reinforced the value proposition to members by reintroducing the Shared Working Space and the innovative Regulatory Tracker.

Furthermore, and throughout the year, Florence Bindelle and Frederico Martins and the rest of the Secretariat participated in countless exchanges of views, roundtables, meetings and discussions on a myriad of topics with the European Commission, the Parliament, the Council and other relevant EU stakeholders. EuropeanIssuers continued to increase its profile through the Press and solidified its presence on social media through press releases, newsflashes, tweets and articles.

Overall, our performance indicators are:

- ✓ High profile speaking engagements
- ✓ Improved communication of policy objectives and achievements
- ✓ Increased social media presence
- ✓ Coalition and relationship building with various stakeholders
- ✓ Development and publication of high-quality and relevant position papers

## Reports from Committees

### Policy Committee

The Policy Committee provides a high-level overview of the main EU regulatory developments of interest to publicly quoted companies and of EuropeanIssuers' advocacy work and provides for a platform to discuss lobbying actions and strategy. The work of the Policy Committee is supported by several [working groups](#) set up to respond to specific policy issues, which are chaired by experts from our member companies and associations. The working groups streamline members' expertise and deliver detailed position papers.

In 2019, the European Institutions kept us very busy with various legislative files, both at level I and level II. Throughout the year, the Policy Committee held six meetings, all of which took place in Brussels. The meetings offered an opportunity for members to participate in interesting discussions with EU policy makers of topics of interest to them.

The Policy Committee Chairwoman, Odile de Brosses, Legal Director at Afep, and the chairs of the working groups have been involved in our lobbying actions. We thank all members who contributed to the progress we have achieved by working together towards our goal of creating a more favourable regulatory environment for publicly quoted companies in Europe.

EuropeanIssuers is looking forward to continuing our advocacy on:

- the EC's Action Plan and proposals on Sustainable Finance;
- the European Green Deal and the Just Transition Fund;
- alleviating EU Corporate Reporting Requirements (both for supervisory purposes and reporting towards investors);
- the revised guidelines for the Remuneration Report in the context of the revision of the Shareholders Rights Directive;
- creating a better regulatory environment for small & mid-cap companies (including SME Growth Markets);
- the revision of Market Abuse Regulation;
- the revision of the Non-financial Reporting Directive;
- fit for purpose Prospectus rules (Level II measures);
- on the proposal for public Country-by-Country reporting of certain tax information;
- impact of MiFID II on research investment;
- the financial transaction tax;
- Capital Markets Union High-level Forum;
- Supervisory Reporting; and
- Company Law Package.

EuropeanIssuers facilitates exchanges of information on topics of interest to our members, including sharing details of implementation of EU rules in different countries and discussing concerns.

EuropeanIssuers has been tracking the participation of members in the Policy Committee meeting for the year 2019 as a part of an initiative to increase overall member participation in EuropeanIssuers' activities.



Participation in the Policy Committee meeting is at about 50% of members organisations being represented in the meetings, meaning around 20 people attending. In order to increase participation, EuropeanIssuers is focusing particularly on reaching out to its corporate members with corporate update calls occurring three times a year. This is a proactive initiative to ensure that companies stay informed about the work EuropeanIssuers does while giving corporate members a chance to provide EuropeanIssuers with feedback on topics important to them.

## **Smaller Issuers Committee**

In 2019, the EuropeanIssuers' Smaller Issuers Committee met three times, debating and sharing information on EU and national developments affecting smaller publicly quoted companies and their access to public markets. During the meetings, we had interesting discussions with EU and OECD officials. Of the three meetings of the Committee, one meeting was in Paris (France), one meeting in Warsaw (Poland) and one meeting was held in Brussels (Belgium). The Smaller Issuers Committee Co-Chairs are Tim Ward and Caroline Weber. Topics discussed by the Smaller Issuers Committee in the year 2019 included:

- A definition of small and mid-cap companies in EU law, as well as changing the threshold for SMEs in MiFID II;
- Lowering the regulatory barriers to small firms for their admission to trading on public markets;
- Ensuring that the regulatory environment for the SME Growth Markets is fit for purpose;
- The impact on research for SMEs as a result of MiFID II provisions;
- The revision of the Market Abuse Regulation (MAR);
- EuropeanIssuers' involvement in the relaunch of the European IPO Task Force;
- The importance of national Corporate Governance Codes for small and mid-cap quoted companies;
- The Oxera study on equity markets in the EU;
- Regular exchanges of views on national & EU developments;
- Contribution to the [High-Level Working Group report on the CMU](#); and
- Contribution to the [Commission's CMU HLF](#).

EuropeanIssuers will continue to facilitate the exchange of information on topics of interest to our members by sharing details of implementation of EU rules in different countries and discussing issues related to smaller issuer concerns.

## **EuropeanIssuers Regulatory Tracker**

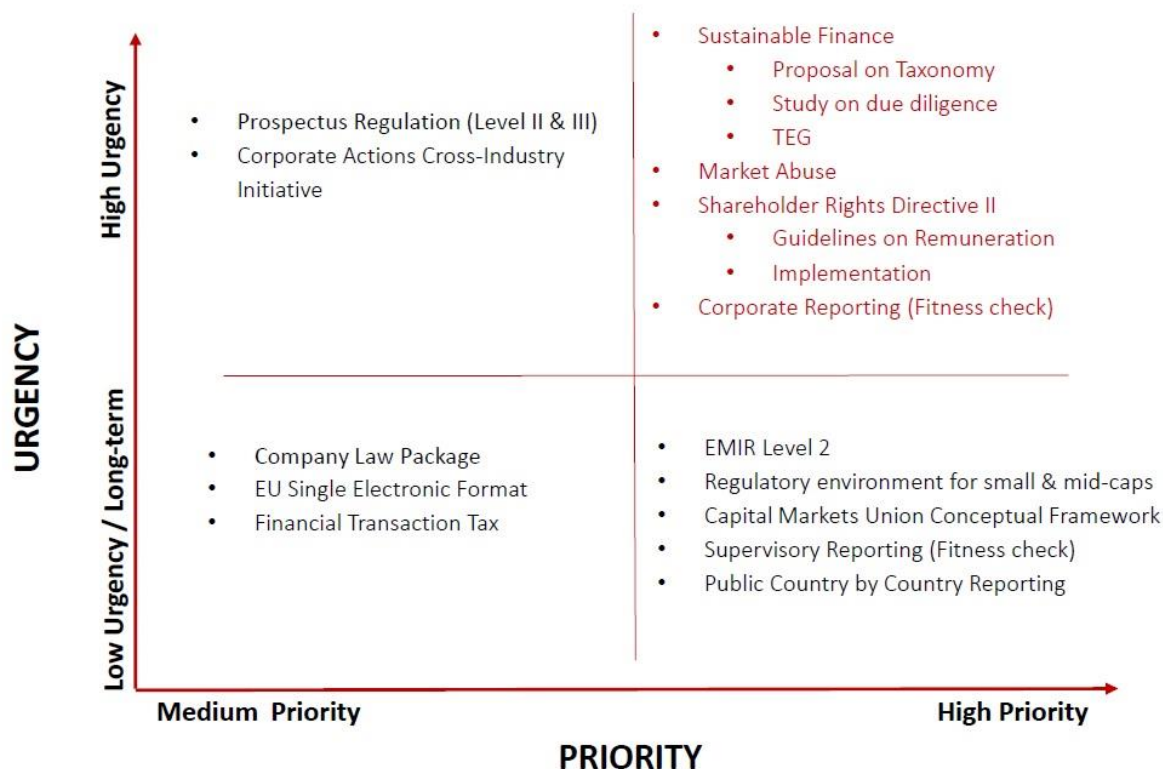
Throughout the summer of 2019, EuropeanIssuers concentrated its resources on developing a new version of the Regulatory Tracker, a tool designed to track, monitor and analyse the main EU policy making procedures in a plethora of relevant topics. EuropeanIssuers Regulatory Tracker will also allow data collection advancement, and include the mapping of key EU policy makers, the summary of important meetings, hyperlinks to relevant studies, guidance documents and the indication of upcoming steps.

EuropeanIssuers Regulatory Tracker will support and provide great benefits to EuropeanIssuers and its members' lobbying teams, regulatory managers and corporate affairs professionals while reinforcing EuropeanIssuers' positioning vis-à-vis other EU stakeholders. EuropeanIssuers Regulatory Tracker will be updated continuously by the policy team, and each updated version will be uploaded to EuropeanIssuers' website every month to be made available to EuropeanIssuers' members.

On 29 November 2019, the EuropeanIssuers Regulatory Tracker was officially launched. Members of EuropeanIssuers may now utilize this new service.

## 2019 Policy Priorities

EuropeanIssuers Priorities are defined according to member's expectations and the EU regulatory agenda. Along those lines, the 2018 priorities were EMIR Refit, Shareholders Rights, SME Growth Markets, Sustainable Finance, Corporate Reporting and SRD II (Level II).



### I. High Priorities

#### Sustainable Finance

##### Sustainable Finance Package

###### 1. Background

On 8 March 2018, the EC published a Sustainable Finance [Action Plan](#), unveiling an EU strategy on sustainable finance setting out a roadmap for further work and upcoming actions covering all relevant actors in the financial system. The Action Plan has been inspired by what has been proposed by the HLEG on Sustainable Finance in its [final report](#), presented in January 2018 ([More information available](#)). The [Action Plan](#) is part of the CMU agenda and one of the steps towards implementing the COP 21 [Paris Agreement](#) and the [EU's agenda for sustainable development](#).

The key proposals are:

- Establishing a common language for sustainable finance, i.e. a unified **EU classification system – or taxonomy**.
- Creating **EU labels** for green financial products.
- Clarifying the **duty of asset managers and institutional investors** to take sustainability into account in the investment process and enhance disclosure requirements.
- Requiring insurance and investment firms to advise clients on the basis of their preferences on sustainability.
- Incorporating **sustainability in prudential requirements**.
- Enhancing transparency in **corporate reporting**.

On 13 June 2018, EC [announced](#) the composition of the Technical Expert Group (TEG) which is mandated to assist the EC in the development of:

- an EU taxonomy of environmentally sustainable economic activities;
- an EU Green Bond Standard;
- a category of "low carbon" indices for use by asset and portfolio managers as a benchmark for a low carbon investment strategy; and
- metrics allowing improved disclosure on climate-related information.

## *2. EuropeanIssuers Position and Actions*

On 10 January 2019, the EC's Technical Expert Group (TEG) published its long-awaited report on climate-related disclosures. It contains recommendations that will allow the EC to update its non-binding guidelines on non-financial reporting with specific reference to climate-related information, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and with the [Commission proposal on a 'taxonomy'](#) of sustainable economic activities. The report also mentions the meeting EuropeanIssuers organised with several TEG experts on 12 November 2018 and contains proposals for disclosing not just how climate change might influence the performance of a company, but also the impact of the company itself on climate change.

On 16 January, a EuropeanIssuers delegation met with DG Justice's Unit responsible for company law to discuss Action 10 of the Sustainable Finance Action Plan for companies, the issue of due diligence across the supply chain and the serious implications of changing the corporate purpose for enterprises.

On 23 January, EuropeanIssuers exchanged views with Euronext in order to align messages on the sustainable finance proposals, particularly on benchmarks.

On 28 January, EuropeanIssuers' Policy Committee met with DG FISMA's Deputy Head of Sustainable finance and financial technology Unit Ms Caroline Wellemans to exchange views on the EC's plans and the current discussions with the co-legislations.

On 11 February, following extensive discussions within the Corporate Reporting WG, EuropeanIssuers issued its position on the sustainable finance proposals, calling for:

### **On Taxonomy**

- A better balance between level 1 requirements and level 2 forthcoming measures
- The need for clarification of the definition of "environmentally sustainable activities"
- The integration of a forward-looking approach to enable "brown" activities to become environmentally sustainable activities
- The integration of non-financial companies in the sustainable finance platform

### **On Disclosures**

- Opposition to the extension of the scope of market participants to investee companies

- On the definition of sustainable investments, opposition to the introduction of a reference to the implementation by the investee companies of good governance practices, and in particular the existence of sound and transparent management structures and due diligence procedures, employee relations, transparent remuneration policies of relevant staff, and to tax compliance
- Opposition to the extension to listed and non-listed companies of the disclosure requirement in periodical reports of sustainability risks and performance of investments

#### On Benchmarks

- A definition of what alignment with the Paris Agreement means and an assessment of the main provisions of the draft report should be set up
- Opposition to the obligation for benchmark providers and for their significant equity and bond benchmarks to publish a detailed benchmark statement on whether or not and to what extent an overall degree of alignment with the target of reducing carbon emissions and/or attaining the goals of the Paris Climate Agreement is ensured
- Postponing the deadline for critical benchmarks to comply with the Benchmark Regulation until 31 December 2021, extended also to third country benchmarks

The position was sent to key MEPs ahead of the vote in Committee of the Taxonomy proposal on 20 February. On 28 March 2019, the European Parliament held its plenary vote on the Taxonomy Proposal. In spite of the inclusion of some positive aspects, the black-listing of activities such as power generation activities that use solid fossil fuels / activities that contribute to carbon intensive lock-in effect was upheld.

EuropeanIssuers engaged with the Permanent Representations in a series of contacts to reiterate our position and the need to adopt a more transitional, flexible approach. On 25 September 2019, the Council reached its general approach. The text included some positive aspects such as:

- The inclusion of non-financial companies in the sustainable finance platform
- The introduction of the enabling activity concept
- Member States' Technical Expert Group to be set up in parallel to the Platform on Sustainable Finance
- Taking into account the reception and impact on capital markets of the technical screening criteria

However, it mentions that:

- "Issuers" are still in the scope of the Proposal, even though it calls for alignment with the Disclosures Regulation (which excludes investee companies from its scope);
- Companies recommended to report the percent of turnover arising from environmentally sustainable products/services (CapEx and OpEx);
- It will assess the potential extension of the scope to cover social objectives by 31 December 2022;
- Quantitative or qualitative thresholds which must be met by the economic activity in order to be considered environmentally sustainable to be set up in implementing acts; and
- Criteria and metrics applicable to measure the environmental performance of the economic activity to be set in delegated acts.

On 27 of November 2019, the Council and the European Parliament signed the [Disclosures](#) and [Benchmarks](#) Regulations and they were published in the Official Journal of the European Union on 9 December 2019.

A total of five trialogues on the EU Taxonomy proposal took place. On the basis of a revised mandate given by the Permanent Representatives Committee on 16 December 2019, the Presidency concluded the negotiations with the European Parliament in a sixth dialogue, followed by a written procedure that took place on the same day. The Presidency submitted the negotiated text to the Permanent Representatives Committee on 18 December 2019 for endorsement of the agreement reached with the European Parliament.

### 3. Achievements and Next steps

Regarding the EU Taxonomy Regulation, EuropeanIssuers expressed concern over the definition of 'transition activities' that is currently in the final text, as well as the inclusion of reporting the percent of turnover from environmentally sustainable products/services in the CapEx and OpEx. For the next steps, the final text will need to be approved by the ECON and ENVI Committees in the European Parliament at which point it will be recommended to the Plenary that the Council's position be accepted, subject to legal-linguistic verification, at Parliament's second reading. EuropeanIssuers also expects the launch of the European Green Deal by the new Commission in early 2020.

## **Technical Expert Group Reports**

### 1. Background

On 18 June 2019, the EC presented the three new reports released by the Technical Expert Group on Sustainable Finance (TEG). The first expert report was [the classification system – or taxonomy – for environmentally-sustainable economic activities](#). The report aims to provide practical guidance for policy makers, industry and investors on how best to support and invest in economic activities that contribute to achieving a climate neutral economy.

The second expert report was on [an EU Green Bond Standard](#). It recommends clear and comparable criteria for issuing green bonds.

The third report was on [EU climate benchmarks and benchmarks' ESG \(Environmental, Social and Governance\) disclosures](#). It set out the methodology and minimum technical requirements for indices which will enable investors to orient the choice of investors who wish to adopt a climate-conscious investment strategy and address the risk of greenwashing. The report also sets out disclosure requirements by benchmark providers in relation to ESG factors and their alignment with the Paris agreement. The report relates to the EC's proposal on low-carbon benchmarks.

### 2. EuropeanIssuers Position and Actions

EuropeanIssuers held discussions at the working group level to prepare a response to the TEG report on taxonomy. EuropeanIssuers submitted its answer on 13 September 2019 stating that:

- The Taxonomy should create new investment opportunities for investors and support the financing of Taxonomy-eligible activities and of companies which are in a transition or adaptation process;
- Companies in transition may reach the thresholds corresponding to their different activities within a certain timeframe and according to disclosable means. Furthermore, they should be tested and validated by sectors' representatives for pragmatic reasons;
- The choice of methodology and screening criteria should be field-tested with issuers;
- An enhanced dialogue with issuers before taking any decision regarding the future taxonomy and the level of granularity of information is needed;
- Do-no-significant-harm criteria for activities should be carefully analysed due to potential challenges related to systematisation, availability and reliability of information.

For the complete response, please click [here](#).

### 3. Achievements and Next Steps

The TEG is expected to publish its final report on an EU Taxonomy as well as further user guidance in relation to its recommendations for an EU Green Bond Standard in early 2020. EuropeanIssuers will continue to monitor this file moving forward in 2020.

## **Due Diligence in the Supply Chain**

### **1. Background**

The European Commission entrusted the British Institute of International and Comparative Law (BIICL) to undertake a study, over the course of 2019, on due diligence requirements for companies through the supply chain.

### **2. EuropeanIssuers Position and Actions**

EuropeanIssuers replied by saying that it favours the analysis of the existing framework and the consideration of some possible and voluntary evolution of the guidelines on non-financial information reporting and that it is strongly opposed to a mandatory approach coupled with civil liability.

### **3. Achievements and Next Steps**

BIICL delivered its final report in early December and the EC is assessing the possibility to publish the results of the study. EuropeanIssuers is awaiting the publication of the study which is expected in early 2020.

## **Study on Directors' Duties and Sustainable Corporate Governance**

### **1. Background**

The firm EY was tasked by DG JUST to perform a study on directors' duties and sustainable corporate governance. The study will 1) investigate possible trends in EU companies to prioritise short-term value maximisation over long-term interests, 2) assess its root causes (relating to current market practices or regulatory frameworks), and 3) identify the need for a possible reform in corporate law and board duties to foster sustainable corporate governance. Stakeholders were invited to respond to an online survey that delved into:

- The state of play in terms of market practices and regulatory frameworks relevant to sustainable corporate governance;
- The root causes of corporate short-termism and the existence of rules or practices that hinder the adoption of sustainable corporate approaches;
- Best practices adopted at the national level to trigger the adoption of sustainable corporate governance approaches; and
- Suggestions for possible policy solutions.

### **2. EuropeanIssuers Position and Actions**

On 27 November 2019, EuropeanIssuers responded to the study and replied with a cover letter indicating several concerns:

- the survey contains questions leading to highly subjective and non-scientific replies;
- includes predetermined questions that steer towards a specific outcome;
- seems to mix several complex areas of company law and corporate governance that cannot be addressed in such a simple way;
- it does not take into consideration current differences in national company law; and
- it does not take into consideration/coordinate with other EU initiatives.

### **3. Achievements and Next Steps**

As the survey portion of the study has been completed, the next phase will commence shortly. The second phase of the study consists of interviews aimed at discussing with the stakeholders possible policy options

to address problems investigated during the previous phase of the study (on topics such as directors' duties, board composition, remuneration, sustainability strategies, etc.), and at collecting their feedback on the likely impacts of the policy options on companies (e.g. in terms of possible cost increase, savings, etc.). It is expected that the interview phase will not start until the beginning of 2020.

## **EU Ecolabel for Financial Products**

### **1. Background**

As a part of the 2018 Sustainable Finance Action Plan, the EC proposed the creation of a voluntary EU-wide labelling scheme through the extension of the EU Ecolabel to financial products. The EU Ecolabel Regulation No 66/2010 permits the label to be awarded to "goods and services". It was concluded that financial products can be considered as services for distribution or use within the scope of the label. On this basis, the EC initiated the policy-making process towards the development and implementation of EU Ecolabel criteria for PRIIPs ('packaged retail and insurance-based investment products') governed by Regulation (EU) No 1286/2014 and other financial products addressed to retail investors, which can be considered as services for distribution or use under the Administrative Agreement between the Directorate General Joint Research Centre (DG JRC) and Directorate General for the Environment (DG ENV) both of the European Commission on "EU Ecolabel for Financial Products".

### **2. EuropeanIssuers Position and Actions**

EuropeanIssuers started following the progress of the Ecolabel for financial products from the first half of 2019 through the BATIS system online platform used by the EC Joint Research Centre. On 6 May, EuropeanIssuers used the BATIS system to provide feedback on the Ecolabel Consultation on the draft criteria proposals for the EU Ecolabel for financial products. The feedback pertained to the scope of Ecolabels and the list of excluded activities.

On 21 May, the expert sub-group on criterion 1.1 on "Thresholds on green investment portfolio and economic activities" was held. The participants of the meeting discussed the existing national labels and schemes coming to the conclusion that both thresholds at company and/or portfolio levels are needed in order to increase the impact of an EU Ecolabel. Regarding the impact of the label, the participant suggested using EMAS (a scheme which can be used to evaluate and report environmental performance) to facilitate the reporting of the environmental impact of companies. The participants also proposed three categories of asset classes which need to have thresholds: Companies, Green bonds, and Government bonds.

On 3 June, a 2<sup>nd</sup> meeting was held by the expert sub-group on criterion 1.1. This meeting went into a more detailed discussion on items from 21 May, particularly the thresholds at both the portfolio and the holding level. There was also a presentation focused on a review of green investment thresholds available in existing national labels and schemes and providing clarity on the parameters applied to thresholds at the holding/company level.

### **3. Achievements and Next Steps**

EuropeanIssuers will continue playing a monitoring role on this file. If there are developments which require action, EuropeanIssuers will precede accordingly. A rough timeline of what is to come in 2020 would be as follows:

- **January – February 2020:** Draft and EUEB final proposals
- **April 2020:** Commission's inter-service consultation
- **November 2020:** Adoption of the Commission decision



# **Capital Markets Union**

## **Capital Markets Union High-level Forum**

### **1. Background**

The Capital Markets Union (CMU) was one of the flagship projects of Jean-Claude Juncker, the President of the EC until 30 November 2019. It is perceived as means to boost jobs and growth in the EU and aims at helping businesses to diversify their sources of funding and offer investors and savers additional investment opportunities.

On 10 October 2019, the European Commission launched a call for its newly created High-level Forum on Capital Markets Union (CMU HLF) with a deadline to submit applications on 7 November 2019. The CMU HLF consists of three subgroups each dealing with different topics:

- Subgroup 1: The creation of an ecosystem enabling greater cross border capital raising, with special focus on innovative SMEs.
- Subgroup 2: How to develop a European capital market architecture, with special focus on how new financial technologies can support this process.
- Subgroup 3: Investment choice and accessibility to capital markets services to promote greater retail investors participation.

### **2. European Issuers Position and Actions**

European Issuers submitted the application of its Chairman Mr. Luc Vansteenkiste who was successfully selected to participate in Subgroup 1 which addresses the creation of an ecosystem enabling greater cross border capital raising, with special focus on innovative SMEs. The group shall propose targeted policy recommendations for future CMU actions, to ensure that citizens and businesses can access capital markets across the EU on equal terms and irrespective of their geographical location. The selection of Mr Vansteenkiste is a great achievement for issuers across Europe as it gives them a voice in an important expert group whose goal is the finalisation of the creation of the Capital Markets Union.

### **3. Achievements and next steps**

On 26 November 2019, the CMU HLF Subgroup 1 held its first meeting to lay down the groundwork for its future work. Mr Vansteenkiste will continue his work in the CMU HLF into next year while representing the interests of issuers in Europe. European Issuers will continue to support the work of Mr Vansteenkiste via its CMU WG and its Smaller Issuers Committee. The CMU HLF will meet throughout 2020.

## **Oxera Study on Primary and Secondary Markets**

### **1. Background**

The European Commission has issued a tender to Oxera Consulting LLP to conduct a study to obtain a comprehensive analysis of primary and secondary equity markets in the EU, focusing in particular on listing/delisting decisions and the drivers of liquidity. The aim is to identify the problems that impede the development of these markets and possible options for public intervention to improve market development and the use of market-based equity financing by EU companies. The study shall provide a clear analysis based on quantitative and qualitative evidence on the main economic and technical issues relating to listing, trading and delisting.

Specifically, the objectives of the contract are to:



1. Provide an overview of EU equity markets and their characteristics
2. Provide an in-depth analysis of the functioning of the primary market in the EU, in particular reasons for listings and delistings
3. Provide an in-depth analysis of the functioning of secondary market the EU, in particular reasons for success or failure of trading venues to attract liquidity, having regard to what incentives different types of market participants to provide liquidity or trade on a trading venue
4. Develop scenarios outlining possible development paths for the future architecture of primary and secondary equity markets in the EU, considering different policy choices as well as technological developments that can lead to changes in the equity markets in the EU.

## 2. EuropeanIssuers Position and Actions

EuropeanIssuers has participated in two meetings with Oxera taking place in November. The first was on 18 November 2019 and was a roundtable event hosted by the European Commission. During the roundtable discussion, Oxera asked the participants questions about the primary and secondary markets. These questions focused on what can be done to increase the number IPOs in Europe, how to increase retail investor participation and what can be done to reduce the barrier for liquidity on secondary markets for SMEs.

The second meeting took place on 20 November 2019 where Mr Jonathan Haynes [spoke](#) at the Smaller Issuers Committee meeting. The details for this meeting are mentioned in the “Smaller Issuers Committee” section of this report.

## 3. Achievements and Next Steps

EuropeanIssuers has distributed a survey to its members to be completed and sent to Oxera which is currently in the stage of collecting data. Oxera will submit the full report of the study to the EC around June 2020 with an interim report to be submitted by December of 2019.

# EMIR - European Market Infrastructure Regulation Review

## 1. Background

In 2017, the EC published two proposals to review the existing EMIR Regulation (in force since 16 August 2012), which regulates the reporting, clearing and margining of derivative transactions. In May, the EC proposed a first set of amendments to EMIR, so called [EMIR “Refit”](#), aimed at simpler and more proportionate rules on Over the Counter (OTC) derivatives that will reduce costs and burdens for market participants, without compromising financial stability. In June, a second set of amendments to EMIR was published, focused at enhancing the supervision of third country central counterparties (CCPs) and making the supervision of EU CCPs more coherent.

## 2. EuropeanIssuers Position and Actions ([Position on the Commission EMIR Refit Proposals](#))

Our position advocated for the following issues:

- **To maintain the corporate hedging exemption from the clearing threshold.** The aim was to ensure that the current exemption is maintained, to increase participation in clearing while recalculating the clearing threshold and to developing distinct thresholds for Non-Financial Companies (NFC) and Financial Companies (FC).
- **To have a single sided reporting regime as a burden relief for non-financial counterparties.** In order to for this to develop it should:

- provide for a clear liability shift to the FC regarding the accuracy of the reporting. This provision was included in the Council proposal.
- include an option to continue the dual sided reporting. This was included in the Council proposal.
- oblige 3<sup>rd</sup> country FCs to register with ESMA which provides a solution to the problem of how to ensure that 3<sup>rd</sup> country FCs report on behalf of their EU counterparties. This was not included in the Council proposal.
- **To exempt Intra-Group Transactions from the reporting obligation.** The definition of intragroup transactions should not only cover all transactions within a group worldwide, but also include cases where there is an FC within an NFC group.
- **To ensure asset by asset class clearing aligned with collateralisation obligation.** NFCs are subject to the clearing obligation only about the asset class or asset classes that exceed the clearing threshold, specifying that the clearing obligation is aligned with bilateral collateralisation.
- **To ensure regulatory consistency between EMIR and other pieces of legislation such as MiFIR & MiFID II.**

EuropeanIssuers advocacy has focused on the EMIR Refit proposal, which is an important step forward in relieving burdens for businesses which use derivatives to manage their commercial and financing risks. EuropeanIssuers believes that this review, if properly done, will **create a proportionate reporting framework in the EU** without impairing data quality for supervisors.

### 3. *Achievements and state of play*

A compromise was reached during the Austrian Presidency in December 2018, but legal scrubbing followed in the weeks before final adoption by the European Parliament (EP) and Council. EuropeanIssuers' key objectives were partially achieved in trialogues:

- **Corporate hedging exemption from the clearing threshold:** The compromise text maintains the current exemption and current hedging definition which is a success. The periodic review was maintained which is not what EuropeanIssuers pushed for, but it is not a loss.
  - EP text contains a possibility for ESMA to establish the criteria defining what is hedging (by specifying which contracts are objectively and measurably reducing risk). Compromise text says it is not necessary to add anything, since "EP line does not introduce any change to EMIR, therefore it is not needed" – This part of the compromised text was maintained.
  - ESMA is given the power to periodically review clearing thresholds, eventually differentiated between FCs and NFCs. Try to abandon/minimize explicit reference to periodical review or at least advocate that such review should not jeopardize clearing exemption for NFC- politically agreed – The reference to the periodic review was maintained.
- **Single Sided Reporting / burden relief for NFCs:** There was some progress made in terms of third-country FC reporting, but it was not a complete success. The liability shift to FCs for reporting and accuracy was achieved.
  - provides for a clear liability shift to FCs for reporting and its accuracy, based on a single data set (Council proposal is still double sided) – FCs are solely responsible for reporting.
  - includes an option to continue the dual sided reporting (included also in Council text) – Single sided reporting reference was removed.
  - obliges third country not equivalent FCs to register with ESMA, as a solution to the problem of how to ensure that third country FCs report on behalf of their EU counterparties (Council text explicitly requires reporting by EU NFCs) – Only equivalent third-country FCs are eligible to report on behalf of their EU counterparties which is progress but not a complete success.

- **Exemption for Intra-Group Transactions from the reporting obligation:** The EP definition was adopted, which is a success for EuropeanIssuers. The definition states intragroup transactions not only cover transactions within a group worldwide, but cases where there is an FC within an NFC group. Exemption also covers if third country NFC jurisdiction is not equivalent with EMIR. Parent company cannot be FC.
- **Asset by asset class clearing /collateralisation obligation:** EuropeanIssuers did not manage to secure the EP text which was removed from the Compromised text.

On 20 May 2019, EMIR Refit was [published in the Official Journal of the European Union](#). The final text includes most of the points for which EuropeanIssuers was pushing. Overall, EMIR Refit was a success for EuropeanIssuers. For the next steps EuropeanIssuers will continue to monitor the dossier for upcoming reviews, most of which will occur in Q2 of 2020.

## **Shareholder Rights Directive**

### **1. Background**

Following a lengthy legislative period of three years, the revised [Directive](#) entered into force on 9 June 2017 and shall be transposed in all EU Member States by 10 June 2019. The new rules were proposed to address investors' short-termism and shortcomings in corporate governance of listed companies which were exposed by the financial crisis and created strong social and political criticism. Among the hot topics were serious impediments to the exercise of shareholders' rights, excessive short-term risk taking by investors and fund managers, and directors' pay which, in the case of some companies was perceived to be, excessive and not sufficiently justified by performance. The SRD II tries to address these and other issues while aiming to strike the right balance. The overall goal of the revised Shareholder Rights Directive has been to contribute to the long-term sustainability of European companies, enhance the efficiency of the chain of intermediaries and to encourage long-term shareholder engagement. The main new requirements cover identification of shareholders, transmission of information between companies and investors, facilitation of exercise of shareholders rights, remuneration of directors, transparency for institutional investors, asset managers and proxy advisors and related party transactions.

The EC launched a [consultation](#) on its draft implementing acts and on 3 September 2018, published [Implementing Regulation](#) 2018/1212 laying down the provisions regarding shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights in line with the revised Shareholder Rights Directive (2007/36/EC). The deadline to implement the Implementing Regulation 2018/1212 is 3 September 2020. EuropeanIssuers is part of a cross-industry joint working group that is developing market standards for shareholder identification, general meetings, golden operational records and ISO 20022 messaging. Please see the Corporate Actions Joint Working Group section below for more details.

## **Remuneration guidelines**

### **1. Background**

On 1 March 2019, the EC launched a [consultation](#) on the non-binding guidelines on the standardised presentation of the remuneration report allowing stakeholders to provide their input to the targeted consultation. The draft was significantly improved, showing that the EC took into account the [letter](#) containing the 8 recommendations sent by EuropeanIssuers on 14 February. Following the meeting on 12 March with Ms Renate Nikolay, the Head of Cabinet of Commissioner Jourová, DG Justice confirmed that the

publication of the non-binding guidelines had been postponed for a later stage, a clear victory for EuropeanIssuers.

## 2. EuropeanIssuers Position and Actions

On 20 September 2019, EuropeanIssuers and AFEF participated in the second Company Law Expert Group (CLEG) meeting organised by the EC to consult stakeholders following the targeted online consultation that took place from 1 March 2019 to 21 March 2019 and to present the new draft version of the guidelines on the remuneration report.

The EC received a total of 47 responses from stakeholders to the targeted consultation, showing that:

- Most respondents hoped that the non-binding nature of the guidelines would be stressed. The EC stated that these guidelines should not constitute a technical standard;
- The term “should” needs to be used in several instances even in the case of guidelines for legal reasons, leaving the words “could” or “may” to non-essential aspects related to the Directive;
- One of the major challenges from the legal point of view was to avoid double counting of elements in different sections;
- Regarding the value of the share-based remuneration, many remarks were made explaining that the Directive refers only to the number of shares/share options but the EC understood it as necessary to show the total remuneration of directors and the Directive’s requirement to reflect the relative proportion of the value of fixed remuneration and variable remuneration;
- Principle of confidentiality needs to be balanced with the principle of transparency, especially when it comes to remuneration according to performance criteria, but always respecting the commercial, sensitive interests of companies’ disclosures;
- On terminology, the Directive does not always use the same elements and the EC tried to be a bit more consistent throughout these guidelines by using definitions commonly used in remuneration policies in order to try and address potential confusion;
- The EC is willing to know about the transposition legislation in several Member States regarding this part of the Directive;
- Given that there was a lot of opposition from stakeholders in the previous CLEG meeting, references to the impact of share buybacks was taken out.

## 3. Achievements and Next Steps:

On 15 October, EuropeanIssuers provided [additional comments](#) on the draft guidelines. Ms. Maija Laurila, DG Justice’s Head of Company Law Unit has stated that the remuneration guidelines are expected to be disclosed during Q1 2020. However, it will be up for the incoming EC to provide more details about the exact timeline.

Ms Odile de Brosse applied to DG JUST’s call for applications for stakeholders to join its Informal Expert Group on Company Law and Corporate Governance (ICLEG) which will provide advice and expertise on the development and implementation of related initiatives. EuropeanIssuers supported Ms de Brosse with a letter sent to the Commission. Sadly, Ms de Brosse’s application was not accepted.

EuropeanIssuers continues to wait into 2020 for the Guidelines on the Standardised Presentation of the Remuneration Report to be published by the European Commission.

## **Proxy Advisors**

### 1. Background

The revised Shareholder Rights Directive sets out new obligations for proxy advisors. They aim to encourage proxy advisors to be more transparent in the way they carry out their work and provide proxy advisor services.

On 22 July 2019, the BPPG Group issued its updated [2019 Best Practice Principles](#). The updated Principles established an agreement to appoint a BPP Oversight Committee to provide an annual independent review of the Best Practice Principles and the public compliance statements of each BPP Signatory. Responsibilities of the BPP Oversight Committee include the ratification of applications by new BPP Signatories that have been approved by BPPG members and the sanctioning of Signatories that are non-compliant, up to the point of ending the BPP Signatory status and BPPG membership. The new BPP Oversight Committee will be composed of both investor and issuer representatives, as well as independent members, and will be chaired by an independent oversight Chair. The call for applications for the Chair position was open from 19 September to 25 October 2019.

The new governance structure was one of the key recommendations of the [2015 ESMA Follow-Up Report](#), and is complementary to the requirements of the revised EU Shareholder Rights Directive II ("SRD II") as well as stewardship developments in other markets globally, since the Principles were introduced. The introduction of new governance arrangements was also strongly supported by investors, companies and other stakeholders alike in the 2017 Public Consultation, 2019 Stakeholder Advisory Panels and June 2019 BPPG Stakeholder Preview Event.

## *2. European Position and Actions*

On 28 January 2019, ISS Global and the EuropeanIssuers' Policy Committee held a constructive discussion on the ISS policy development procedures across the globe, the firm's plans to eliminate, mitigate and manage conflicts of interest and the policy updates for the European region for 2019.

On 10 October 2019, EuropeanIssuers reconvened its WG dedicated to Proxy Advisors to discuss the composition of the upcoming Oversight Committee and the need for corporates within the EuropeanIssuers' sphere to be participants in this platform. Three corporates showed interest and the national associations agreed to continue looking for additional ones. The members also started working on an advocacy paper that will remain confidential until the first meeting of the Oversight Committee takes place.

## *3. Achievements and Next Steps*

EuropeanIssuers is waiting for the announcement of the Chair of the Oversight Committee and the subsequent call for membership in early 2020.

# **Better regulatory environment for small & mid-caps**

## *1. Background*

In the second half of 2017, the EC started working on a series of regulatory adjustments with the aim of facilitating access to capital markets for smaller companies, with the following objectives:

- to ensure the success of the 'Small and Medium Enterprises (SME) Growth Market' concept, and the new category of Multilateral Trading Facilities ('MTF') created by MiFID II, as of January 2018.
- to identify areas where the administrative burden placed on SMEs listed on SME Growth Markets can be lightened, while maintaining a high level of investor protection.
- to revive the local ecosystems (i.e. the network of specialist service providers, such as brokers) surrounding the exchanges that support listed SMEs.

The EC highlighted that due to the resistance from certain Member States, SMEs listed on regulated markets should remain outside the scope of this exercise, meaning it will be strictly confined to SME Growth Markets and companies listed on those trading venues.

In terms of non-legislative measures to fix Europe's broken IPO pipeline, the EC intended to:

- assess the impact of MiFID II rules on SME and fixed income investment research. The tender was won by RISK CONTROL Limited and the study is expected to be published by Q4 2019.
- identify and share best practices of financial schemes set up by national promotional banks and that help SMEs bear the IPO costs on public markets.
- explore how EU financial support (from a public-private investment fund) can contribute to addressing the funding gap faced by SMEs at the IPO stage.

## **EC Proposal SME Listings Package**

### **1. Background**

On 24 May 2018, the EC launched the first of a set of actions referred to as the SME Listings Package which included a legislative proposal amending the Market Abuse and Prospectus Regulations, and a draft [Delegated Regulation](#) bringing technical adjustments to MiFID II (read [more](#) on the MiFID adjustments). EuropeanIssuers' Smaller Issuers Committee provided the initial feedback on 12 April, and on 21 June official [feedback](#) was provided on the technical adjustments to MiFID II level measures.

### **2. EuropeanIssuers Position and Actions**

On 20 July 2018, EuropeanIssuers provided [feedback](#) on the EC proposal for the SME Growth Markets Proposal launched on 24 May.

In September, EuropeanIssuers drafted suggestions for amendments on the EC proposal. Many of EuropeanIssuers' suggestions have been taken on board following several meetings with Parliament.

On 3 December 2018, the EP's ECON Committee voted on its [version](#) of the SME Growth Markets Proposal calling for:

- Exemption of market soundings for private placement of bonds with qualified investors for all trade venues;
- A threshold of max. 500.000.000 euros for issuers not to draw up an EU Growth prospectus;
- The EC to draw up a report to measure the impact of the regulation and to collect data on IPOs and delistings as well as transfers of companies between trading venues and to set up an expert stakeholder group to monitor the success of SME Growth Markets by end 2019;
- In offers of securities up to EUR 20 million any issuer should also be able to choose to use the EU Growth Prospectus unless they intend to apply for admission to trading on a regulated market;
- The need to maintain a list of permanent insiders, but only to be provided by competent authorities upon their request (minimum frequency).

Unfortunately, MEPs did not reach a consensus regarding the increase of the threshold under the SME definition in MiFID II, neither on changing the definition of SME in Prospectus Regulation. MEPs also did not support the inclusion of a definition for Small and Mid-caps.

### **3. Achievements and Next steps**

Early in 2019, the Council reached its General Approach on the SME Growth Markets Proposal and entered into trialogues with the European Parliament. On 15 March 2019, there was an agreement on the compromise text, however, the text was reviewed under the corrigendum procedure. In October 2019, the



file had completed the corrigendum procedure and was voted on in Plenary and approved at the ECOFIN Council. It was finally published in the Official Journal of the European Union on 27 November 2019. EuropeanIssuers waits for the call for candidates to the EC expert stakeholder group which will monitor the success of the SME Growth Markets which is expected to come in early 2020.

## **IPO Task Force**

### **1. Background**

On 4 February 2019, EuropeanIssuers met with FESE to assess if the 2015 recommendations of the IPO task force have been taken onboard either at legislative or industry level and discuss the potential presentation in advance of the Small and Mid-Cap Awards 2019 at a joint event.

On 22 March, EuropeanIssuers held a call with FESE and Invest Europe to discuss the next steps for the Initial Public Offering (IPO) Task Force. FESE suggested to revive the Task Force with a slightly different composition and to address new issues. Overall, it was agreed that EuropeanIssuers and Invest Europe could not commit resources to the work of the Task Force, however EuropeanIssuers showed willingness to continue monitoring the developments in this regard.

### **2. EuropeanIssuers Position and Actions**

EuropeanIssuers had a follow up call with FESE and Invest Europe to finalise the results of the recommendations from the IPO Task Force Report from 2015. FESE reported that after consulting its members, it decided to move forward with reviving the IPO Task Force to address new issues related to IPOs (e.g. sustainable finance, fintech, etc.). Both EuropeanIssuers and Invest Europe agreed that the endeavour costs too much in terms of resources but would participate as observers for the time being.

The initiative was relaunched by FESE with the support of Accountancy Europe, CFA Institute and the European Bank for Reconstruction and Development. The QCA and AEM agreed to participate as individual members.

The QCA and AEM expressed concerns with the early inclusion of a chapter on sustainability and reporting in the draft. Highlighting sustainability as the most important recommendation for IPOs, an idea suggested by Accountancy Europe, Eumedion and the CFA Institute was considered nonsensical as it will not reverse the decreasing trend of IPOs. Suggested recommendations such as 1) more uniform non-financial reporting standards, 2) the creation of an authoritative International Non-financial reporting Standards Board (INSB), 3) changing the non-binding nature of the guidelines for climate-related reporting and making them mandatory, 4) need to integrate financial and non-financial information to have the full picture of a company's performance, were considered to be extremely nefarious.

Mr Tim Ward and Mr Abel Ferreira engaged in bilateral conversations with FESE's Secretary General, Mr Rainer Riess, who assured that smaller issuers' concerns were of the utmost importance to stock exchanges. EuropeanIssuers participated in the IPO Task Force meetings on 23 September, 16 October, and 11 December 2019. EuropeanIssuers, the QCA and AEM succeeded in convincing the Task Force about the burden that some of the recommendations presented to issuers and the quality of the narrative has improved.

### **3. Achievements and Next Steps**

By December 2019, the majority of concerns raised by issuers related to damaging provisions had been resolved due to the concerted lobbying strategy undertaken by the QCA, AEM and EuropeanIssuers. EuropeanIssuers is expecting another draft to be circulated early in 2020 to be finalised. EuropeanIssuers will continue to cooperate with Mr Tim Ward and Mr Abel Ferreira in this Task Force until the report is published in March 2020.

## **European Partnership for innovative small and medium-sized enterprises (Horizon Europe Programme)**

### **1. Background**

With a proposed budget of nearly 100 billion euro from 2021 to 2027, the Horizon Europe framework programme represents the largest collaborative multinational research and innovation investment in Europe. The EC is currently running the impact assessment of 12 candidate Institutionalised European Partnerships with one of the priorities being “Innovative SMEs”.

The overall objective of the proposed initiative is to support fast-growing and innovative SMEs to develop new products, processes and services that help to improve the daily lives of people and boost European competitiveness. It will do so by funding market-led, cross-border, collaborative research and innovation, as well as accompanying measures supporting market uptake. The proposed partnership would build on the experience gained in the existing Eurostars2 Programme but would significantly revise its scope and expand its partners and consider the strengthened scientific, societal, economic and technological impact criteria of Horizon Europe.

### **2. EuropeanIssuers Position and Actions**

EuropeanIssuers responded to the public consultation highlighting that there is a lack of understanding or knowledge about scaling up small and medium-sized enterprises and too many regulatory barriers in the field of investments.

Small and start-up firms in R&D-intensive industries face a higher cost of capital than their larger competitors or firms in other industries. EuropeanIssuers concluded that deeper stock markets and venture capital are necessary to support incremental innovation in SMEs and start-ups through stronger valuation and liquidity. EuropeanIssuers believes the Institutionalised Partnership should continue providing strengthened access to risk finance for innovative SMEs through Eurostars2 and making use of the Risk Sharing Finance Facility, particularly through equity. The Risk Sharing Finance Facility, being an initiative managed by the European Investment Bank and the European Commission, should be bolstered in terms of financial and operational resources, following President von der Leyen’s idea of a public-private fund focussed on IPOs.

### **3. Achievements and Next Steps**

The consultation period ended on 12 November 2019. EuropeanIssuers is currently awaiting the publication of the results and next steps from the EC, which is expected in 2020.

## **MiFID II Impact on Investment Research**

### **1. Background**

At the end of 2018, DG FISMA engaged Risk Control to analyse the effects of the MiFID II unbundling rules on investment research. Under the new rules introduced in January 2018, execution, research and other advisory services must be identified and charged for separately. Buy-side firms must demonstrate value for money, while sell-side firms have to devise and administer potentially complex research pricing arrangements, setting fees and periodically renegotiating access with their clients.

The radical scope of these changes increases the possibility of significant unintended consequences. Bond market liquidity might suffer if the quantity and quality of fixed income research is impaired. On equities, smaller firms, which were poorly covered by research even before MiFID II, could experience a further reduction in research coverage. On the other hand, in a post-MiFID II environment, it is possible that the



quality and quantity of research might improve if an environment favourable to Independent Research Providers (IRPs) were to emerge.

For these reasons, the project will address four questions:

1. What is the market and legal landscape for European securities research relating to fixed income and small-cap equities?
2. How have buy-side research budgets evolved before and after the introduction of MiFID II?
3. What determines the pricing and quality of securities research provided by the sell-side?
4. How have the MiFID II rules effected access to finance for medium sized companies?

## *2. EuropeanIssuers Position and Actions*

On 18 April 2019, Risk Control Limited published its online survey which was open until 31 July 2019 and was accompanied by interviews. EuropeanIssuers was able to arrange interviews amongst its members with Risk Control Limited, so that they could provide feedback for the study.

## *3. Achievements and Next Steps*

The final version of the study was given to the EC at the end of September 2019. EuropeanIssuers is currently waiting for the EC to make the results of the study public and will continue to monitor the issue in 2020.

# **Corporate Reporting**

## **Non-financial Reporting Directive**

### *1. Background*

On 20 February 2019, as part of its Sustainable Finance Action Plan (Action 9), the European Commission (EC) launched a targeted consultation with the objective to finalise new guidelines for company reporting on climate-related information. This consultation proposed ways to assess how climate change can impact the financial performance of companies, as well as how companies can have positive and negative impacts on the climate. It builds on the report published in January by the Technical Expert Group on Sustainable Finance, and stakeholders' responses to the call for feedback on that report. EuropeanIssuers responded to this consultation before the deadline of 20 March 2019 advocating for simplification, as a step-by-step approach is necessary in considering the huge challenges companies face when carrying out climate scenario analysis. Non-financial disclosure should be focused, clear and concise.

On 18 June 2019, the Commission published new guidelines on non-financial information climate-related reporting as part of its Sustainable Finance Action Plan. The new guidelines provide companies with practical recommendations on how to better report the impact their activities have on the climate as well as how climate change impacts their activities. The non-binding nature of the guidelines allows for a flexible approach for climate-related disclosures in the five reporting areas listed in the NFRD:

- Business model
- Policies and due diligence
- Outcome of policies
- Principal risks and risk management
- Key Performance Indicators (KPIs)

A review of the NFRD as a whole is expected to come in 2020.

## *2. EuropeanIssuers Position and Actions*

Overall, EuropeanIssuers finds that while the non-binding guidelines serve to improve reporting on climate-related non-financial information, they are slightly too ambitious. Further simplification of the 'Type 1' disclosures would ensure that all companies could report consistent climate-related information.

In expectation of a review on the NFRD, EuropeanIssuers has started preparing a position paper on the review of the NFRD.

- Companies need to remain master of defining what material information is according to their specific activity and sector. Companies are totally opposed to the introduction of an obligation to produce a negative statement, explaining why certain issues are considered as not material;
- Non-financial reporting obligations should be extended to non-EU companies operating in the EU if they exceed a consolidated net turnover of EUR 750 million. SMEs should not be included in the scope because it would create too high compliance costs for them;
- Flexibility should be maintained regarding the location of non-financial information, be it in the management report or a separate report dedicated to sustainability;
- A harmonised non-financial reporting framework developed under EU leadership is needed to stop the proliferation of various public or private reporting initiatives which are not aligned. However, EU legislation should remain principle-based and refer to the development of a detailed set of standards for professional organisations and experts, including companies, which should be put at the heart of the standardisation process to ensure that information is meaningful to both businesses and their stakeholders.

### 3. Achievements and Next Steps

EuropeanIssuers will continue to finalise its draft position on the review of NFRD in the beginning of 2020. Once it is finalised, EuropeanIssuers will organise a meeting with DG FISMA Head of Unit C1 Alain Deckers to put forward the position. EuropeanIssuers will also wait for the EC to publish the roadmap for the revision of the NFRD and proceed accordingly.

## **ESMA Consultation on Short-termism**

### 1. Background

On 29 July 2019, EuropeanIssuers responded to the ESMA Consultation on the collection of evidence on undue short-term pressure from the financial sector on corporations.

### 2. EuropeanIssuers Position and Actions

In EuropeanIssuers' feedback, it was mentioned that short-termism is a complex topic and there are several drivers that influence long-term investment decisions. ESG disclosures could help attract long-term investors by allowing them to maximise their long-term strategies, but it is unrealistic to consider ESG factors alone when making informed long-term investment decisions.

EuropeanIssuers also mentioned that the scope of the NFRD is well balanced and appropriate and should not be amended for now. Furthermore, EuropeanIssuers stressed that the current scope of the NFRD does not mean that smaller companies are not affected by the Directive. Large companies, obliged to disclose information under the NFRD, require significant amounts of data and information from SMEs in their supply chain.

One last point mentioned was the "Shareholder Activism" undertaken by certain well-known players in the market using speculative methods (short selling) coupled with massive securities lending and borrowing operations. These transactions have the effect of creating significant volatility, lowering the stock market price, paralysing capital transactions and destroying savings. Increasingly frequent and aggressive activist

attacks, due specifically to the rise of passive asset management strategies, have impacted a number of European listed companies and is increasingly becoming an important issue that might affect companies long-term view.

For more information, please consult the full response [here](#).

### 3. Achievements and Next Steps

On 18 December, ESMA published the [findings](#) of its potential undue short-term pressures in securities markets. In its Report, ESMA makes recommendations to the EC for action in key areas, such as:

1. disclosure of Environmental, Social and Governance (ESG) factors including:
  - amending the Non-Financial Reporting Directive (NFRD);
  - promoting a single set of international ESG disclosure standards;
  - requiring the inclusion of non-financial statements in annual financial reports; and
2. institutional investor engagement including:
  - a review of the *White List* under the Takeover Bids Directive;
  - a potential shareholder vote on the non-financial statement; and
  - monitoring the application of the Shareholder Rights Directive (SRD II).

ESMA's report has been sent to the EC which will decide whether to initiate legislative changes to address the Report's recommendations and monitor the effect of certain legislative acts to assess whether there is a need for further action. EuropeanIssuers will continue to monitor this issue in 2020.

## **Supervisory Reporting**

### 1. Background

In December 2017, the EC launched a [public consultation](#) on corporate reporting for supervisory purposes. The objective of this consultation, part of the so-called [fitness check](#) exercise, is to gather evidence on the cost of compliance with existing EU-level supervisory reporting requirements in financial services, in force before the end of 2016. It also aimed to assess the consistency, coherence, effectiveness, efficiency, and EU added value of those requirements. The EC was interested in receiving feedback on ways in which supervisory reporting could be simplified and streamlined, which could contribute to possible future efforts to improve the usability and overall consistency of the EU supervisory reporting framework.

### 2. EuropeanIssuers Position and Actions

On 14 June 2019, EuropeanIssuers published its position on EMIR Refit implementation and further reporting simplification in the context of the EC fitness check on Supervisory Reporting. EuropeanIssuers welcomes the concrete simplifications obtained by the final compromise text of EMIR Refit and would like to highlight both a smooth implementing phase of achieved simplifications and the opportunity to address further simplifications at a more systemic scale, in the context of the European Commission (EC) fitness check on supervisory reporting, with specific reference to reporting chains for non-OTC (over-the-counter) derivatives (particularly for non-financial counterparties not subject to clearing obligation) and to streamline more efficiently OTC derivatives reporting, as mentioned in recital 17 and art. 85 3(a) and 3.(b) of Regulation (EU) No 648/2012.

EuropeanIssuers distributed this position to all relevant policy makers in the EC, ESMA and the appropriate National Competent Authorities (NCAs). EuropeanIssuers WG on this topic has discussed the use of an edge computing mechanism to run the risk calculations at the repositories thereby streamlining a significant portion of the reporting process. This idea will be matured in the coming months. In the meantime, EuropeanIssuers debated the next steps to advance this idea for a new EMIR reporting architecture. The first

step is to interface the appropriate players at level 1 legislation. There is the possibility to involve trading venues and have them on our side, something which might not be so easy to achieve. EuropeanIssuers could also reach out to Thomson Reuters as a partner on this issue. Currently, Thomson Reuters does not use edge computing in its services, so we would need to persuade them about the advantages of our position. The Futures Industry Association (FIA) published a paper that is completely in line with EuropeanIssuers' position, so they are also a potential organisation to collaborate with.

On 3 June 2019, EuropeanIssuers was requested by its member to look into the interpretation of the Belgian NCA, the FSMA, regarding reporting long-term incentives for stock options. After looking into the issue, EuropeanIssuers attempted to schedule a meeting with the person in charge of this issue at FSMA, Ms Annick Lambrighs.

On 17 July 2019, EuropeanIssuers met with ESMA to exchange views on 1) how EMIR reporting could be streamlined over time from an architectural point of view and how it can be fed into the process of supervisory reporting and 2) the EMIR Refit implementation on the exemption notification.

On 23 July 2019, EuropeanIssuers met with the European Commission's team in charge of MAR and EMIR to discuss issues of supervisory reporting, MiFID/R alignment and EMIR's potential streamlining from an architectural point of view.

On 6 November 2019, the European Commission published its [Staff Working Document on Supervisory Reporting Requirements](#) alongside an [Executive Summary](#). The conclusions of the staff working document are that overall, the EU-level supervisory reporting requirements are broadly effective, highly relevant, and bring added value to the EU. Nevertheless, a number of issues in the development process, adoption, set-up and implementation of these requirements reduce their efficiency and coherence and impair the quality and usability of the reported data. The assessment also shows that the claim made by industry stakeholders that there is a large degree of duplication and overlap between requirements is not valid, but it acknowledges that the analysis was narrow and did not extend to other reporting frameworks (e.g. statistical reporting to the ECB or national supervisory reporting) not based on EU legislation.

For the next steps, the EC laid out a list of main areas for improvement to follow up on which are:

- Legislative process and instruments;
- Data needs and uses;
- Consistency and harmonisation;
- Governance; and
- Technology.

The EC states that any major policy actions in these main areas would, however, be subject to a further assessment of their feasibility and impact while taking into account the implementation costs of any required changes.

### 3. Achievements and Next steps

The EC concluded that the EU-level supervisory reporting requirements as a whole are broadly effective, highly relevant, and bring the EU value added. Nonetheless, a number of issues in the development process, adoption, set-up, and implementation of these requirements reduce their efficiency and coherence and impair the quality and usability of the reported data. The report also stated that there were areas to follow-up on for improvement such as legislative process and instruments, data needs and uses, consistency and harmonisation, governance, and technology. EuropeanIssuers continue to monitor initiatives which arise from this report in 2020.

Regarding the meeting with FSMA, Ms Lambrighs replied to EuropeanIssuers' request by stating that they were unaware of the differences in interpretation amongst Member States on the reporting of long-term incentive stock options under EMIR. She therefore responded that FSMA needs to take this issue up with

ESMA before it can meet with EuropeanIssuers to discuss this issue further. EuropeanIssuers is waiting to reschedule the meeting with FSMA.

## **Public Corporate Reporting**

### **1. Background**

In February 2018, the EC announced another [fitness check](#), this time on public reporting by companies including in its scope Accounting Directive, Transparency Directive, Non-financial reporting Directive and IAS Regulation. On 8 February, the EC published a fitness check [Evaluation Roadmap](#) on public reporting by companies, announcing a public consultation in Q1 of 2018. EuropeanIssuers provided its feedback welcoming this initiative.

On 21 March, the EC launched the aforementioned corporate reporting 'fitness check' [consultation](#), focusing on the EU framework for public reporting by companies. On 19 July 2018, [EuropeanIssuers' response](#) to the EC consultation on Public Corporate Reporting was submitted. On the 31 October 2018, the [summary](#) of the public consultation was published. A report of the overall fitness check was expected to be published mid-2019.

### **2. EuropeanIssuers Position and Actions**

On 28 October 2019 EuropeanIssuers met with Head of Unit C1 Mr Alain Deckers who is responsible for corporate reporting, audit and credit rating agencies. During this meeting, the issue of the European Financial Transparency Gateway was discussed, and Mr Deckers informed EuropeanIssuers that the staff working document report on the fitness check on public corporate reporting would be published at the end of 2019.

### **3. Achievements and Next steps**

EuropeanIssuers continues to wait for the publication of the staff working document report on the overall fitness check for public corporate reporting. Once the report is published it will lay out the next steps for the EC which will in part determine how EuropeanIssuers will proceed.

## **Public Country by Country Reporting**

### **1. Background**

On 12 April 2016, the EC published a proposal requiring companies operating in the EU with global revenues exceeding EUR 750 million a year to publicly disclose:

- the income tax paid in the EU, country by country;
- aggregate figure for total taxes paid outside the EU (for the tax havens this information needs to be disclosed on a disaggregated basis); and
- other contextual information: nature of the activities, number of employees, total net turnover made, profit before tax, income tax due, tax paid & accumulated earnings.

Due to Germany struggling to form its government, the progress on the Public Country by Country Reporting (CBCR) file in the last months of 2017 was stalled.

The EC proposal on CBCR was discussed at the CWP on 14 June 2018. The deadlock over the legal basis of the proposal was still not resolved.

Member States made cautious comments about the potential international impact of public CBCR, especially in view of the OECD BEPS agreement and the possibility to lose the non-public CBCR reporting coming from the US.

## 2. EuropeanIssuers Position and Actions

At the Policy Committee meeting on 13 May 2019, it was reported that Public CBCR is not a priority for the Council. The legal service of the Council said that the legal basis for CBCR should be tax-based. If there is no minority blocking on the file, then it will be passed to the Finnish Presidency. As long as the EC does not withdraw the proposal, it will be considered on the table. The EC will only consider withdrawing its proposal when it feels that a blocking minority in the Council might oppose the proposal.

On 25 November 2019, EuropeanIssuers arranged a meeting with the Portuguese Permanent Representation's Financial Attachés Mr André Morais and Mr Pedro Duarte in order to understand the reason behind Portugal voting positively for the proposal in the upcoming Competitiveness Council and reflect on the proposal's legal basis. EuropeanIssuers was also able to communicate with the Czech Permanent Representation regarding the same issue, however they reassured that the Czechs would vote against the proposal based on the incorrect legal basis.

On 28 November 2019, the Council held its Competitiveness Council where it was discussed whether the legal basis of the file was appropriate. The Council determined that, in the absence of sufficient support for the presidency's proposal, the presidency would continue work on this file and that it would reflect on the best way for taking this forward.

## 3. Achievements and Next steps

After the vote in the Competitiveness Council, the file went back to COREPER to be reworked. On 20 December 2019, the Finnish Presidency proposed [modifications](#) in the recitals to clarify concerns regarding the legal base of the Proposal. The extension of scope to "other interested third parties, including competitors and the general public" builds upon the [recommendations](#) of the Council's legal service of 5 December giving hints to the Commission on how to solve the legal basis issue. EuropeanIssuers will continue to monitor this file in 2020 for any further developments.

# Prospectus Regulation

## 1. Background

A prospectus is a legal document that companies issue to potential investors including information on the securities they are issuing and about the company, its business, finances and shareholding structure. Issuing a prospectus is one of the key requirements for companies wishing to raise capital on public capital markets and one of the sources of information for investors. The first prospectus directive was adopted in 2003 and revised in 2009. With those reviews, prospectuses have become increasingly lengthy (up to 500 pages from approx. 80 pages 20 years ago), full of legal jargon and not user friendly. Therefore, in November 2015, the EC issued the proposal for the prospectus regulation, as part of the Capital Markets Union project and in line with its commitment to simplify EU laws and making them more effective and efficient (REFIT).

On 15 December 2017, ESMA published the [consultation paper](#) on draft regulatory technical standards (RTS) to the new [Prospectus Regulation](#), which entered into force on 20 July 2017 and will become applicable from 21 July 2019.

Specifically, under the Prospectus Regulation, ESMA needed to draft Regulatory Technical Standards (RTS), which were submitted to the EC on 21 July 2018, regarding the following aspects:

The key financial information contained in the summary of the prospectus;

- Data and machine readability of information to be sent to ESMA in relation to the storage and mechanism enabling the public to have access to such information free of charge;

- Advertisements on public offers or admission to trading;
- Cases in which the publication of a supplement to a prospectus is necessary;
- Publication of a prospectus.

## 2. *EuropeanIssuers Position and Actions*

On 28 November 2018, the EC published its [Draft Delegated Regulation](#) on Prospectus Regulation to receive public feedback until 26 December 2018. EuropeanIssuers circulated its response to the Draft Delegated Regulation, amongst the members of the Prospectus Working Group to receive comments. [EuropeanIssuers' response](#) was submitted on 20 December 2018.

On 15 March 2019, the EC adopted two Delegated Regulations containing most implementing measures to finalise the [Prospectus reform](#), another important milestone towards the completion of the Capital Markets Union.

The adopted rules specify the format and content of the prospectus and its constituting documents. However, it is unfortunate to see that the Delegated Regulations did not take into consideration some of the comments provided by EuropeanIssuers. The Delegated Regulation on the format, content, scrutiny and approval of the prospectus still gives NCAs the ability to include additional criteria in the name of investor protection. It requires additional documents other than just the draft prospectus to be searchable in an electronic format.

On 12 July 2019, ESMA published its [consultation paper](#) on the Draft Guidelines on disclosure requirements under the Prospectus Regulation. As the previous CESR (Committee of European Securities Regulators) recommendations on how to comply with various disclosure requirements in the Prospectus Directive are now out-of-date, ESMA is seeking to update them to make them more consistent with the current contents made to the Prospectus Directive as well as to convert them into guidelines. The aim of the draft guidelines is to ensure that market participants have a uniform understanding of the relevant disclosures required in the various annexes included in the Commission Delegated Regulations.

On 4 October, EuropeanIssuers responded to the draft guidelines' consultation insisting on the following key points:

- The possibilities to reference the financial reports in the prospectus should be made clearer. Also, the guidelines should avoid making the prospectus longer by including sperate reports in them.
- EuropeanIssuers is against systematically expanding the pro forma scope of application to situations where the issuer is involved in multiple transactions which collectively constitute a 25% variation to the size of the issuer's business. EuropeanIssuers supports the CESR's previous position that the situation should be assessed on a case-by-case basis.
- The rules for the calculation of present requirements in the working capital statements must only consider an acquisition when there is a firm commitment to acquire an entity, and the price of the acquisition should be included when calculating the present requirements.
- Recommending additional disclosure in the statement on capitalisation and indebtedness is not relevant especially when these disclosures relate to information that is found elsewhere in the document thus leading to a duplication of information.
- EuropeanIssuers is against the inclusion of all trade and other receivables and payables in the indebtedness statement as it would create extra burdens through an unnecessary duplication of information. The information would also be inconsistent with the key financial information required in the summary of the prospectus in accordance with the delegated regulation (EU) 2019/979 (annex 1) which would leave investors confronted with different information. EuropeanIssuers therefore supports carrying forward this CESR recommendation without any changes.



- EuropeanIssuers does not support requiring the use of the IFRS definition of related parties for the related party transactions disclosure where the prospectus was permitted to include non-IFRS financial statements. This would create a substantial burden for issuers while providing little benefit to issuers.
- EuropeanIssuers does not agree with the introduction of a new specific disclosure on the potential dilution effects connected to the exercise of option agreements as there is no requirement in the delegated acts for this disclosure, thus there is no basis to add it to the draft guidelines.

### 3. *Achievements and Next steps*

ESMA has now received feedback and the consultation is closed. It will now consider all feedback it receives to be incorporated into a final report. The report will be published along with a final version of the guidelines and is expected to be published on ESMA's website in Q2 2020.

## Company Law

### 1. *Background*

The EC released its Company Law [Package](#) on 25 April 2018. The package consists of two proposals:

- a [proposal](#) for a directive as regards the use of digital tools and processes in company law;
- a [proposal](#) for a directive as regards cross-border conversions, mergers and divisions.

In August the JURI Committee in the EP published a [draft report](#) on cross-border conversions, mergers and divisions as well as a [draft report](#) on the use of digital tools and processes in company law. The deadline for amendments on the draft report was on 10 September, and the vote in committee was scheduled for 19-20/11/2018. Only the proposal on digital tools was voted on in November while the vote on cross-border conversions, mergers and divisions was voted on in December.

### 2. *EuropeanIssuers Position and Actions*

On 5 September, EuropeanIssuers' Working Group was held to discuss the draft position reacting to both EC proposals, kindly drafted by Ms Valentina Allotti (Assonime) chairing this Working Group. It was agreed that EuropeanIssuers' position would also react to the main issues in the draft reports in the EP.

EuropeanIssuers' main concern is that the proposal for a directive regarding cross-border conversions, mergers and divisions, which aims at harmonising rules for moving, merging and dividing companies across borders, is overly complicated. Therefore, EuropeanIssuers would like to see a simplification of procedures that would result in reducing red tape for businesses while providing for specific safeguards allowing national authorities to prevent potential abuses. Overall, EuropeanIssuers is supportive of the proposal on digitalisation, although there is some room for improvements also.

On 26 October 2018, EuropeanIssuers published its [position](#) on the EC's proposal on the Company Law Package. The effort to set forth a common legal framework aimed at enabling conversions and ensuring protection of the involved stakeholders is welcome, but the procedure is too cumbersome for companies and may even go against the objective of facilitating corporate mobility. EuropeanIssuers' proposal suggests the following:

- To simplify the procedure for cross-border conversion – providing for a single report of the management or the administrative organ to the members and to the employees and deleting the report by the independent expert;
- To better define the scope and the condition for the exit right of members;
- To make clear that creditors who should benefit from the possibility to ask for safeguards are creditors whose rights originate before the conversion;



- To align the regime for the protection of employees with the one set forth in the cross-border merger directive;
- To align the possibility to restrict the right of establishment with EU's settled case-law and only to cases where transfers would constitute a "*wholly artificial arrangement which does not reflect economic reality*," adopt a simplified regime for intra-group restructurings (relocations, mergers) – which are likely to be an important part of future cross-border operations;
- To apply the same comments to the rules concerning cross-border mergers and divisions; repeal Member States option to provide for the circumstances in which online registration may be excluded where the share capital of a company is to be paid by way of contributions;
- To ensure that a disqualification in one Member State does not automatically lead to disqualification in all other Member States;
- To address the issue of the legal value of the digital copy of a company's document.

Early in 2019, the European Parliament and the Council held trialogue discussions and on 13 March, they agreed on a compromise text which was approved by the Council and the Parliament by 1 April 2019. The main elements of the text are as follows:

1. **Cross-border Conversions:** The references to "artificial constructions" and "real economic activity" have been removed from the articles of the text.
  - **Cross-Border Conversion Process:** The process requirements are now simplified. Still, companies must indicate the legal form, the name of the location of the head office, as well as an indicative timetable for the conversion.
  - **Report of the management or administrative organ to the members and the employees:** The choice is left to the company to submit two separate reports or a single report. In the report, the section concerning the members' report must now provide and explanation of the cash compensation that may be granted in the event of an exercise of the exit right and the method used to arrive at it. Single-member companies may be exempted by Member States to publish the section on members.
  - **Independent expert report:** The independent expert report is required unless all members decide against it, and single-member companies may also be exempted by Member States. The requirements of the report have also been simplified to only examining the conversion process without further details and include an opinion on the compensation granted upon exercising the exit right.
  - **Disclosure:** The disclosure requirements have been simplified. The draft terms of the cross-border conversion and the notice to stakeholders must be published. Member States may decide if the independent expert report must be disclosed, but Member States must also ensure that the company is able to exclude confidential information from the disclosure of the expert report.
  - **Approval by the General Assembly:** The text retains the provision introduced by the Council allowing Member States to provide that, if the cross-border conversion leads to an increase in the economic obligations of the shareholder vis-à-vis the company or third parties, must be approved by the shareholders concerned if unable to exercise the right of exit.
  - **Member Protection / Exit Rights:** The text clarifies that only shareholders who voted against the cross-border conversion can exercise the exit right. Member States may still extend this right to other members involved and may require that the explicit opposition of the members to cross-border conversion to be documented at the general meeting. Members must announce their decision to exercise their right of exit within a deadline set by the Member State concerned which may not exceed one month after the general meeting. The deadline for the payment is also

determined by the Member State within a limit of two months after the conversion takes place. A member who considers that compensation to be inadequate may request additional compensation from the competent authorities which is applicable to all members who declared their exit right.

- **Creditor Protection:** The protection of creditors is limited to claims prior to the cross-border conversion. In addition, the protection of creditors is strengthened. The period during which creditors can turn to the competent authorities to ask for adequate guarantees when unsatisfied with the guarantees offered in the cross-border conversion, is increased from one to three months. In addition, creditors may initiate proceedings against the business in the state of departure for two years after the cross-border conversion takes effect.
- **Employee's information and consultation:** Member States shall ensure that employees' rights to information and consultation are respected in relation to the cross-border conversion. Member States must also ensure that either the draft terms of the conversion or the manager/employee report are decided in such a way that a reasoned response is given to the employees before the general meeting.
- **Employee participation:** The converted company shall be subject to the rules on employee participation in the destination Member State. However, these rules shall not apply if the company carrying out the conversion has an average number of employees equal to 4/5 of the applicable threshold laid down by the departure Member State at least six months before the publication of the draft terms of the conversion.
- **Pre-conversion certificate:** No physical presence is required to obtain the certificate while the maximum period of assessment has been increased to six months. Member States may require additional information to grant the certificate. Member States shall also ensure that the competent authority shall not issue the pre-conversion certificate if it is determined that the cross-border conversion is set up for abusive or fraudulent purposes.

## 2. Cross-border Mergers and Divisions

Some provisions of the text concerning cross-border transformations are reproduced in the sections on cross-border mergers and cross-border divisions. The merger procedure, so far deemed effective by the companies, is increased, in particular by the introduction of a right of exit and the 4/5 rule on worker participation.

On 5 May 2019, EuropeanIssuers was informed that the agreed text would undergo the corrigendum procedure. Then, on 6 November 2019, the file completed the corrigendum process and was subsequently voted on and published in the Official Journal of the European Union on 12 December 2019.

### 3. Achievements and next steps

The Company Law Package was primarily a success for EuropeanIssuers. The legislative file which EuropeanIssuers was mainly interested in was the Directive for Cross-border Conversions, Mergers and Divisions. Overall, the conversion process has been simplified and companies have the opportunity to produce either a single report or two separate management reports. The text also clarifies the member protection/exit rights and the creditor protections are limited only to the shareholders who voted against the conversion and to claims brought before the conversion. EuropeanIssuers was successful in getting most of what it pushed for on this file. The review for the file will occur no later than February 2027.

## European Single Electronic Format

## **XBRL Format**

### **1. Background**

In December 2017, ESMA published its final proposal for the [Regulatory Technical Standards](#), (RTS) provided for in the [Transparency Directive \(2013/50/EU\)](#), specifying the electronic reporting format in which issuers should prepare their Annual Financial Reports as of the Financial Year 2020. The standards were accompanied by a [Reporting Manual](#) and detailed instructions to issuers to facilitate the implementation of new rules.

The main new requirements for companies with securities traded on an EU regulated market are:

- All annual financial reports, containing financial statements for financial years beginning on or after 1 January 2020, shall be prepared in XHTML (Extensible Hyper Text Mark-up Language format).
- IFRS consolidated financial statements contained in the annual financial report, shall be labelled with XBRL *tags*, making the labelled disclosures structured and machine-readable.
- The XBRL *tags* will be embedded in the XHTML document using Inline XBRL.

To allow for structured electronic reporting using XBRL, ESEF uses an extension of the [IFRS Taxonomy](#), issued by the IFRS Foundation. This taxonomy provides issuers with a set hierarchical structure to be used to classify financial information. Consolidated financial statements for financial years starting on or after January 2022 must be entirely marked-up using XBRL (meaning including notes). To ease the burdens, ESMA will require only the block tagging of the notes to IFRS consolidated financial statements meaning that whole sections of those notes are each to be marked up using single taxonomy elements.

On 30 November 2018, Mr Luc Vansteenkiste, Chair of EuropeanIssuers, gave a speech at a high-level conference on the Future of Corporate Reporting where he laid out the position of EuropeanIssuers on the digitalisation of corporate reporting and iXBRL. Ultimately, the Regulatory Technical Standards in the Transparency Directive were adopted into EU legislation. At the end of 2018, a [Delegated Regulation](#) regarding the ESEF format (iXBRL) was adopted, however it is still subject to an objection right by the EC and the EP.

### **2. EuropeanIssuers Position and Actions**

There was no contestation by the EC and the EP regarding the iXBRL. Subject to the completion of the legislative process by the European co-legislators, the ESEF will enter into force on the twentieth day following its Publication in the Official Journal of the European Union and will apply to AFRs containing consolidated financial statements for financial years beginning on or after 1 January 2020. The detailed provisions of the ESEF are contained in the RTS on ESEF included in the [Final Report on the RTS on ESEF](#). ESMA prepared an [ESEF reporting manual](#) to provide guidance on common issues encountered when generating Inline XBRL instance documents. The taxonomy to be used for ESEF is based on the [IFRS Taxonomy](#), prepared and annually updated by the IFRS Foundation, and provides issuers with a hierarchical structure to be used to classify financial information. The taxonomy files can be accessed on ESMA's website in the form of a [taxonomy package](#) prepared in accordance with the XBRL Taxonomy Packages 1.0 specification. The package includes entry points in all EU languages. All files within the taxonomy package are also available at their canonical locations, hosted on the ESMA website.

### **3. Achievements and Next steps**

It is unfortunate that the iXBRL will be required for consolidated financial reports as of 1 January 2020 as it is costly for companies to implement. At the end of 2019, there were discussions to extend the iXBRL format to non-financial reporting and linked to sustainable finance. EuropeanIssuers will continue to monitor this in 2020.

## **European Financial Transparency Gateway**

### **1. Background**

In order to promote cross-border investment and provide investors with easy access to regulated financial information of companies listed on the European Union's (EU) regulated markets, the European Commission (EC) is developing a platform that offers a single view for such information currently stored within different Member States' infrastructures. Following a successful Proof of Concept (PoC) using Blockchain technology, the EC is launching the European Financial Transparency Gateway (EFTG) Pilot Project within the framework of the Capital Market Union and the legal obligations of the Directive 2013/50/EC.

EFTG Pilot Project is based on a new approach to build a distributed and decentralised system by interconnecting the OAMs (Officially Appointed Mechanisms) in Europe into a dedicated platform for sharing data instead of exchanging it, offering full traceability and ownership management of both submitted and consumed financial data.

The goal of the EFTG Pilot Project consists of developing a Blockchain platform infrastructure, technically enabling citizens and investors by giving them increased access to public regulated information provided by the participating OAMs. The EFTG Project is the first live and publicly available Blockchain-based pilot in Europe that on-boards real members in the network and shares real financial data from the Member States.

### **2. EuropeanIssuers Position and Actions**

On 28 October 2019, EuropeanIssuers met with DG FISMA's Head of Corporate Reporting, Audit and Credit Rating Agencies Unit, Mr Alain Deckers, in order to present the IssuersHub app, its functionalities and added value. There was also an exchange of views concerning the European Financial Transparency Gateway, a pilot-project aimed at developing a platform that offers a single view for such information currently stored within different Member States' infrastructures. EuropeanIssuers and the Commission discussed lengthily about the functionalities of both initiatives and explored routes for complementarity.

The EC is assessing which institution will take the lead on the EFTG and is looking at potentially opening the scope of this platform in order to include:

- Pillar 3 disclosure requirements for banks;
- Not only regulated markets but also MTFs such as SME Growth Markets;
- Non-listed companies.

### **3. Achievements and Next Steps**

DG FISMA is waiting for the incoming EC to decide on the next steps, such as if the project can be done through Level 2 measures or instead a longer procedure through Level 1. DG FISMA invited EuropeanIssuers to issue a letter to Commissioner Dombrovskis advocating for the EFTG. EuropeanIssuers will continue to monitor this issue in 2020.

## **Market Abuse Regulation/Directive**

### **1. Background**

EuropeanIssuers advocacy and [position paper](#) helped to clarify certain issues in a way which reduces the burdens for companies. These involve the definition of closely associated persons under MAR in the context of Art. 19 of MAR on Managers' transactions and the interpretation of Art. 18 of MAR regarding insider lists. At the 21 November 2018 Policy Committee meeting, it was brought to the attention of EuropeanIssuers that the EC must present a report concerning the application of MAR by 3 July 2019. The Committee suggested

reconvening the MAR Working Group to provide input to the EC for the preparation of the report. The EC confirmed that it would:

- i) like to receive input end January;
- ii) like to receive concrete examples on real problem concerning MAR implementation; and
- iii) ask for a reply to questions identified in the mandate of the EC's report (see Article 38 of MAR).

This effort was taken up by Ms Paola Spatola and Ms Alessandra Casale, Assonime, who suggested that EuropeanIssuers could start creating the position from the responses that it already expressed in its replies to recent consultations. Moreover, this could be an opportunity to talk about some pending issues regarding manager transactions under MAR on which EuropeanIssuers started to work on in the past.

## 2. EuropeanIssuers Position and Actions

EuropeanIssuers MAR WG met early in 2019 to prepare a basis for the upcoming MAR review.

On 23 May 2019, a delegation of EuropeanIssuers members met in Paris with ESMA's policy team in charge of drafting an opinion to the Commission's MAR review, to discuss the position paper sent in April 2019 and exchange views on a series of points mentioned in the Commission's mandate to ESMA.

Mr Carsten Ostermann and Mr Stefano Sirtori gave an overview of the elements set in the Commission's mandate and the current state of play of ESMA's discussions with the national competent authorities to figure out what additional items could be covered in its upcoming opinion. ESMA confirmed that some competent authorities are requesting for a Level 1 change on specific topics and will focus on these specifically, leaving the others for Q&As and guidance.

EuropeanIssuers proceeded to identify a list of challenges experienced by issuers in the implementation of MAR, namely:

- On the delay of inside information, there is a need to clarify that the leak should come from the issuer and – in other cases – a no comment policy will still be possible. ESMA informed that the mandate hints at the possibility of having two different types of definitions for inside information. NCAs were not very much in favour of having a unique definition of inside information. Irrespective of how the picture is framed, either there is differentiation subject to the obligation to disclosure or there is a unique definition with a series of counterweights to make sure that projects fall through;
- On insider lists, there is need for further clarification at Level 1 regarding the possibility for issuers to indicate in their insider list the necessary details of only one reference person (working for the third party) able to identify the persons within that third-party having access to inside information;
- Simplification of the system of notification by making the Competent Authorities responsible for disclosing managers' transactions to the public and requested for clear guidance to be provided on what types of Managers' Transactions do and do not need to be disclosed, as well as on the scope of the relevant provisions in the context of different types of transactions;
- On employee share or saving schemes, there needs to be a clarification concerning the derogations to the application of closed periods to the manager transactions under art. 19.12 and its application for employee share or saving schemes. Furthermore, Article 9 of the delegated regulation 2016/522 mentions the transactions which can be authorised by the issuer during closed periods;
- Rules on prevention and detection of market abuse, ESMA needs to clarify in its Q&A by reverting back to the previous rules applicable only to investment firms and clearly exclude non-financial counterparties (NFC) professionally arranging or executing transactions in financial instruments, considered to be only ancillary.

On 3 November 2019, ESMA published a Consultation Paper covering three types of topics:

- Topics originally included in Article 38 of MAR, i.e. the appropriateness of introducing common rules on the need for all Member States to provide for administrative sanctions for insider dealing and market

manipulation; the definition of inside information; the appropriateness of the trading prohibition for persons discharging managerial responsibilities (PDMRs); a possible cross-market order book surveillance framework and the scope of the benchmarks provisions.

- A set of connected topics arising from the EC's mandate on the scope of MAR, that includes buy-back programmes, the delayed disclosure of inside information, the usefulness of insider lists; different aspects of PDMR notification requirements; and cross-border enforcement of sanctions.
- Issues closely linked to some of the above-mentioned topics, raised by ESMA.

The MAR working group has since reconvened twice, having drafted a comprehensive response based on providing clarifications on the definition of inside information, delay of information, asking for market sounding exemption when it comes to the private placement of shares, the design of the current insider list, raise the threshold for management transactions, among other topics.

For more information, please consult the position [here](#).

On 29 November, EuropeanIssuers submitted its response to the ESMA consultation on Market Abuse calling for the legislator to:

- Rethink the extension of the scope of MAR to other markets than Regulated markets in order to allow junior markets to be established in an environment of low touch regulation;
- Seek ways to clarify (and narrow) the definition of inside information to make compliance more affordable for issuers and to better protect the possibility of delaying disclosure of issuers against abusive market practices;
- Review the regime of insider lists in order to avoid overly burdensome compliance procedures and in order to grant issuers more flexibility;
- Review the regime of Managers' Transactions in order to reduce bureaucracy and in order to protect the signalling value of notifications.

ESMA's Securities and Markets Stakeholder Group response followed closely EuropeanIssuers' position due to the precious support from Mr Piotr Biernacki from SEG.

### 3. Achievements and Next steps

A major success was achieved from the ESMA MSG's response to the ESMA Consultation on the MAR review. The response includes all the comments and key problems that issuers have in complying with MAR and also proposes several solutions. The MSG's response actually goes further than the consultation paper and raises topics which were not originally mentioned. Having EuropeanIssuers message reiterated by the MSGs gives our position more leverage with the EC as ESMA, based on the responses received for the consultation, intends to submit a final report to the Commission by spring 2020.

## Financial Transaction Tax (FTT)

### 1. Background

In December 2018, a joint paper prepared by France and Germany was presented to group of Member States engaged in FTT's enhanced cooperation mechanism. The key proposals were:

- The tax would be imposed regardless of where the transaction is concluded. Thus, it would cover transactions involving European securities on non-European exchanges. The paper argues that this limits the risk of circumvention of the tax.



- The tax would apply to all categories of shares of a company (e.g. ordinary shares and preferred shares).
- The taxable event would be transfer of ownership of the equity security which means the registration of the securities acquired in the securities account of the purchaser.
- Intraday trading would not be included within the scope.
- Market-making activities and intraday operations should be excluded with certain caveats.
- The tax rate would be no lower than 0.2% of a security's purchase price at time of acquisition.

## 2. *EuropeanIssuers Position and Actions*

On 31 January 2019, Germany and France issued a [common paper](#) on the mutualisation of the Financial Transaction Tax revenue. It proposes the FTT based on the French model to be levied on acquisitions of shares of listed companies whose head offices are located in the area of the Member States of the enhanced cooperation and whose market capitalisation on 1 December of the preceding year exceeds €1bn. The tax is to be tied to the transfer of ownership upon acquisition of shares of listed stock corporations. Initial issuance, market-making and intra-day trading will not be subject to taxation. The tax rate will not be lower than 0.2%. With the help of an allocation mechanism, nationally generated revenue will be distributed amongst the Member States.

On 30 July, EuropeanIssuers along with the Deutsches Aktieninstitut met with Slovakian tax attaché to discuss the compromise on mutualisation, and how the FTT is going to have support if it will generate no extra revenue for the smaller Member States.

On 18 September 2019, the ECOFIN held an informal meeting to discuss the FTT among other issues. The participating Member States have not presented any new draft text of the Directive on enhanced cooperation in the area of FTT. However, discussions continue at the level of Working Party.

In December 2019, the Austrian Finance Ministry published a study done by Mr Stefan Pichler, Vice-Rector for Research at Vienna University of Economics and Business, that showcased the nefarious impact of the implementation of a Financial Transaction Tax (FTT) on the Austrian real economy due to increasing costs related to equity. The study's conclusions go against German Finance Minister Mr Olaf Scholz position and could undermine Austria's future as a member of the enhanced cooperation mechanism. Alongside this study, on 10 December 2019, more documents were leaked including a [compromise on mutualisation](#) with Italy's support and an updated [Council draft directive](#).

## 3. *Achievements and Next steps*

The discussions on FTT still are occurring within the group of Member States trying to implement it, however it is unclear how the file will develop in 2020. Austria is against the FTT unless it is given a much broader scope, so this may slow down progress. EuropeanIssuers will continue to monitor FTT developments in 2020.

# II. Other Dossiers

## PRIIPs & Corporate Bonds

### 1. *Background*

Through EuropeanIssuers' lobbying efforts in 2013 (during the trialogue discussions), shares and corporate bonds (apart from the packaged bonds) have managed to be excluded from the scope of this Regulation which is applicable as of January 2018.

The Association for Financial Markets in Europe (AFME) reported that although the PRIIPs regime is intended to capture “packaged” products, bonds issued by corporates (which are commonly regarded as simple products beneficial for retail investors to hold directly) may come into scope of PRIIPs because their terms and conditions typically contain provisions such as make-whole call options, change of control puts, index-linked interest and capital features, and interest rate step-up/down mechanics, caps and floors. The issue is with the extent to which **any or all of these features means that a corporate bond qualifies as being within the scope of PRIIPs is unclear from the regulation itself and the available regulatory guidance with the result that market participants are uncertain** as to whether a Key Information Document (KID) is needed.

## *2. EuropeanIssuers Position and Actions*

On 19 July 2018, European Supervisory Authorities issued a joint [letter](#) to the Commission regarding the issues with the scope of PRIIPs. The ESAs (European Supervisory Authorities) urge the Commission to provide detailed public guidance as a matter of urgency on which types of products, and in particular bonds, fall within the scope of the Regulation. They have prepared an analysis of the application of the scope to some of the main types or features of bonds provided in an annex to the letter and is asking the Commission to confirm whether it agrees with this analysis. The letter also emphasises that, should the Commission be able to provide additional interpretative criteria, this should promote a more consistent application of the scope to the full range of investment products.

Overall, the guidance suggested by the Commission is favourable except for covered bonds which are considered to be in the scope. We are envisaging sending a letter to the Commission to support ESAs initiative to provide the guidance that would improve the legal certainty without the need to re-open the level 1.

On 21 October, EuropeanIssuers met with Mr Andreas Stepnitzka, Senior Regulatory Policy Advisor at EFAMA to discuss issues of common interest and the potential alignment of messages concerning the [ongoing PRIIPs consultation](#). This meeting was a follow-up on the publication of the ESMA Joint Consultation concerning amendments to the PRIIPS KID on 16 October 2019. Mr Stepnitzka also provided some highlights on the so-called [FinDatEx](#), a joint structure established by representatives of the European Financial services sector industry with the view to coordinate, organise and carry out standardisation work to facilitate the exchange of data between stakeholders in application of European Financial markets legislation, such as MiFID II, PRIIPs and Solvency 2. On PRIIPs KID several successive batches of Q&As by the ESAs have not only resulted in unreasonable and unnecessarily high compliance costs for the industry, but also confuse consumers further and reduce their trust in the information they receive.

## *3. Achievements and Next steps*

The deadline for the consultation is 16 January 2020. After, the results of the consultation are published, EuropeanIssuers will continue to monitor this file into 2020.

## **U.S. Class Action Lawsuits**

- **Stoyas v. Toshiba Corporation**

### *1. Background*

In the U.S., a case was launched against Toshiba Corporation regarding unsponsored American Depositary Receipts (ADRs). It involves an appeal from a ruling by a California federal appeals court which would severely reduce the benefit of the Morrison v. National Australia Bank that limited the extraterritorial application of the U.S. federal securities laws.



The plaintiffs (several funds) argue that if transactions in Toshiba ADRs took place in the United States, the U.S. federal securities laws apply to fraudulent statements allegedly made by Toshiba that affected the value of Toshiba's shares and ADRs. Toshiba has never listed its shares in the U.S. or taken any other measures to sell its shares in the U.S. The ADR programs at issue were established by U.S. depository banks without any participation from Toshiba. The California federal appeals court nonetheless ruled that transactions in the ADRs that took place in the U.S. could serve as the basis for a class action complaint.

If the ruling stands, it would mean that U.S. class actions could be initiated against any non-U.S. company simply because trades take place in its shares in the U.S. secondary market. While the case specifically involves ADRs, since the ADRs are unsponsored (i.e., created without Toshiba's participation) it is difficult to see how the court's logic would not apply to U.S. trades in the ordinary shares of a company like Toshiba.

From a procedural perspective, Toshiba is requesting *certiorari*, meaning permission from the Supreme Court to have its appeal heard. According to the memorandum from Toshiba's counsel, White & Case, the chances of such permission being granted would be greatly increased if Toshiba were supported by *amicus curiae* briefs.

## 2. EuropeanIssuers Position and Actions

In September 2018, the law firm Cleary, Gottlieb, Steen & Hamilton (CGSH) received a request to from SIFMA (the U.S. association of broker-dealers) to prepare an *amicus curiae* brief. CGSH suggested that AFEP and/or EuropeanIssuers sign the brief as was done in the past. EuropeanIssuers circulated the *amicus curiae* brief among its members and provided comments on the draft version of the brief which was then submitted with EuropeanIssuers' signature on 6 December 2018.

## 3. Next Steps

On 24 June 2019 EuropeanIssuers was informed that the Supreme Court denied the request for certiorari by Toshiba Corporation. EuropeanIssuers wanted to avoid the extraterritorial application of U.S. law to European listed companies, however there will be other opportunities to pursue the interests of European businesses in the ongoing interpretation of the Morrison case.

# **PART 2: ASSOCIATION REPORT**

## **I. Communication and Marketing**

### **1) Communication**

EuropeanIssuers launched a communication campaign for the member associations. This campaign was presented to the association during a conference call held on 7 November 2019. The campaign aims for mutual visibility reinforcement, the exchange of information and best practices between associations, the promotion and reinforcement of one another's communication and ensure better coordination between EuropeanIssuers and member associations. After the call, social media activity endorsing EuropeanIssuers' and member associations' activities and publications have significantly increased. Since the launch, EuropeanIssuers monitors the associations' interest and actions regarding the campaign.

Furthermore, this year, for the European Small and Mid-Cap Awards 2019, EuropeanIssuers launched a communication campaign grasping all the shortlisted companies. This campaign was presented to 12 companies around Europe during a conference call held on 30<sup>th</sup> of September. The primary goal was to increase the visibility of the Awards and the shortlisted companies in the European local media. The secondary goal was to present EuropeanIssuers to the companies before the Awards and later better engage them to the work of EuropeanIssuers. This communication campaign was highly appreciated by the companies as it was very active on social media and helped to reach out to the local press. Due to the success of the campaign, EuropeanIssuers decided to pursue with the same strategy for next years' Awards and also include the Award nominated companies to achieve a higher visibility.

## **Press**

Throughout the year 2019, EuropeanIssuers thoroughly updated its press contacts list and also widened its press range.

This year, EuropeanIssuers issued numerous press releases, which were also directly communicated with the press contacts; on European Commission's taxonomy regulation, a press release detailing the Advisory Council session that took place on 7 June 2019 mentioning various topics like Capital Markets, Brexit's influence etc., a press release announcing the Vision 2019-2024, a press release on the Next CMU High-Level Expert Group report on the Savings and Sustainable Investment Union, a press release announcing the shortlisted companies of the Small and Mid-Cap Awards 2019 and soon after another one announcing the winners.

As a result of the speaking engagements and press attention attracted through press releases, EuropeanIssuers were interviewed a couple of times during 2019. On 12 March 2019, Agence Europe published an [article](#) about the Taxonomy vote that took place on 11 March 2019, mentioning the taxonomy statement issued by EuropeanIssuers addressing concerns over « brown-listings ».

On 6 June 2019, Florence Bindelle was interviewed by the stock exchange BME, for an article in their internal magazine called "ACTIVO". The interview questions revolved around EuropeanIssuers' functioning and objectives and how European regulation could be improved to help reach the mentioned objectives.

On 12 June 2019, Mondovisione, a worldwide platform for intelligence exchange, published an [article](#) about the EuropeanIssuers Advisory Council.

On 14 June 2019, Jimmie Franklin, EMEA Reporter for the [International Financial Law Review](#) (IFLR), requested an interview call with Florence Bindelle.

On 25 June 2019, Teneo, an Advisory firm, contacted Florence Bindelle to request an interview. The aim was to better understand how the EU policy environment and future political agenda are going to impact specific policy areas, such as taxation or anti-money laundering.

On 27 June 2019, Mondovisione published an [article](#) addressing EuropeanIssuers' Vision Paper for 2019-2024. The article detailed EuropeanIssuers' insistence on the need for diversification of financial resources, a performing and well-established CMU as well as a tax framework to ensure that financial markets provide the necessary financing for growth and innovation. The article also quoted Florence Bindelle and Luc Vansteenkiste.

On 2 July 2019, German newspaper, Frankfurter Allgemeine, published an [article](#) about EuropeanIssuers' Vision 2019-2024. The author of the article Martin Hock described the Vision as a call for simplification of the regulations for listed companies. He also quoted EuropeanIssuers' Chairman Luc Vansteenkiste "We can achieve this by simplifying the regulatory environment where businesses operate".

On 30 August, an article on '[A new agenda for Europe: capital markets union, sustainability and IPOs](#)' written by Ms Bindelle and Mr de Martins was published on the Board Agenda.

On 31 October, an article on '[Taxonomy: A green tool for companies to grow](#)' written by Ms Bindelle and Mr de Martins was published on the European Files magazine.

On 14 November, Ms Bindelle had a meeting with Mr Jimmie Franklin, the EMEA reporter of International Financial Law Review (IFLR) to discuss the key challenges faced by the listed companies in Europe.

On 26 November, journalist Mr Tyler Davies, who met Mr Vansteenkiste at High-Level Forum of Capital Markets Union, reached out to EuropeanIssuers and showed great interest in EuropeanIssuers' position papers related to CMU. EuropeanIssuers established contact with him and will keep updating him on the latest publications, positions and press releases.

In 2019, in total, EuropeanIssuers distributed about 60 [newsflashes](#) and published 6 [press releases](#).

## **Speaking Engagements**

During the year 2019, EuropeanIssuers was widely present at conferences, seminars and events to share and raise members' voice. EuropeanIssuers was present at the following events:

On 24 January 2019, Mr Luc Vansteenkiste spoke at the "[Sustainable Corporate Governance Conference](#)" organised by the European Commission's DG JUST. This conference brought together policymakers and relevant stakeholders. The aim was to discuss recent policy developments in the field of corporate governance with a focus on sustainability and due diligence. The event was livestreamed and available to watch [here](#).

On 24 January 2019, Ms Florence Bindelle spoke at FAIB's Panel discussion about "[The role of associations in shaping modern legislation](#)". The discussion focused on the role of interest groups in informing and lobbying regulators on their views, on what regulators expect from these and how they deal with conflicting demands from policymakers and civil society.

On 27 February 2019, Ms Florence Bindelle participated in the validation workshop at ICF's office. This workshop was organised as part of a DG FISMA study regarding the cost of compliance with EU regulations in the financial sector. The purpose of the workshop was to gather feedback from industry representatives on the main study findings to ensure they were accurate and complete.

On 14 March 2019, Ms Florence Bindelle spoke at an event organised by the Association Belge des Sociétés Cotées. Her presentation addressed three key topics EuropeanIssuers has been working on, namely Sustainable Finance, Remuneration Guidelines and Market Abuse Regulation.

On 2 April 2019, Mr Luc Vansteenkiste spoke at the [23<sup>rd</sup> European Corporate Governance Conference](#) in Bucharest. Mr Luc Vansteenkiste participated on Panel 2 addressing SOEs, family businesses and entrepreneurship. Additionally, the panel addressed ways to provide a successful corporate governance framework to allow sufficient flexibility and proportionality for companies with different structures and ownership.

On 7 April 2019, Ms Florence Bindelle was a panellist at the Horasis Global Meeting in Cascais, Portugal. The panel addressed how the last financial crisis had altered many of our financial systems.

On 9 May 2019, Ms Florence Bindelle spoke at the FEB event organised to address companies' code of governance for 2020. She presented EuropeanIssuers' main activities and objectives for the upcoming five years.

On 9 May 2019, Mr Frederico Martins spoke at the Workshop on Sustainable Finance organised by our member AEM. The participants mainly emanated from investor relations, corporate or CSR backgrounds.

On 23 May 2019, Mr Florence Bindelle spoke at the European Society for Banking and Financial Law (AEDBF) event called "Les Quatre Saisons". She addressed the Sustainable Finance Action Plan including taxonomy, climate related disclosures, the green bond standard and due diligence – among others.

On 28 May 2019, Ms Florence Bindelle was the special guest and keynote speaker at the ForoMedCap Forum in Madrid. Her speech focused on various challenges and growth opportunities for European small & mid-cap listed companies. For more information on the event, please click on [this link](#).

On 5 June 2019, Ms Florence Bindelle was a panellist at Accountancy Europe's event entitled "[What to expect on Sustainable Finance 2019-2024?](#)". She addressed EuropeanIssuers' main priorities in terms of sustainable finance. She also insisted that sustainability is a matter of innovation in technologies, explaining how essential it is for companies to have access to capital in order to develop a sustainable business.

On 7 June 2019, Ms Caroline Weber, co-chair of the Smaller Issuers Committee, spoke at the DG FISMA workshop on "Taking Stock of Capital Markets Union Reforms" highlighting the need to secure a proper ecosystem that takes the specific needs of small and mid-caps into account and emphasizing the challenges experienced not only by companies who want to list but are unable due to the burdens but also the ones who are planning to delist.

On 20 June 2019, Ms Florence Bindelle spoke at an event organised by l'Association Belge des Sociétés Cotées. Here, she presented EuropeanIssuers' key priorities and proposed policy recommendations for the newly elected EU institutions.

On June 26 2019, Ms Florence Bindelle was a panellist at Accountancy Europe's event on "[Corporate Governance: A driver of a sustainable economy](#)". The panellists discussed how corporate governance could be improved and how it could play a role in making our economy sustainable.

On 13 September 2019, Ms Florence Bindelle spoke at FEBELFIN's Financial Markets & Infrastructure Committee on the EU Sustainable Action Plan implications for corporates.

On 13 September 2019, Ms Florence Bindelle was a panellist at the roundtable "Union des marchés de capitaux et financement des entreprises européennes" together with Armando Melone, Policy Officer, at DG GROW et Tanya Panova, Head of Capital Markets Union Unit, DG FISMA.

On 20 September 2019, Mr Frederico Martins spoke at the Commission's stakeholder meeting on the draft guidelines on the standardised presentation of the Remuneration Report.

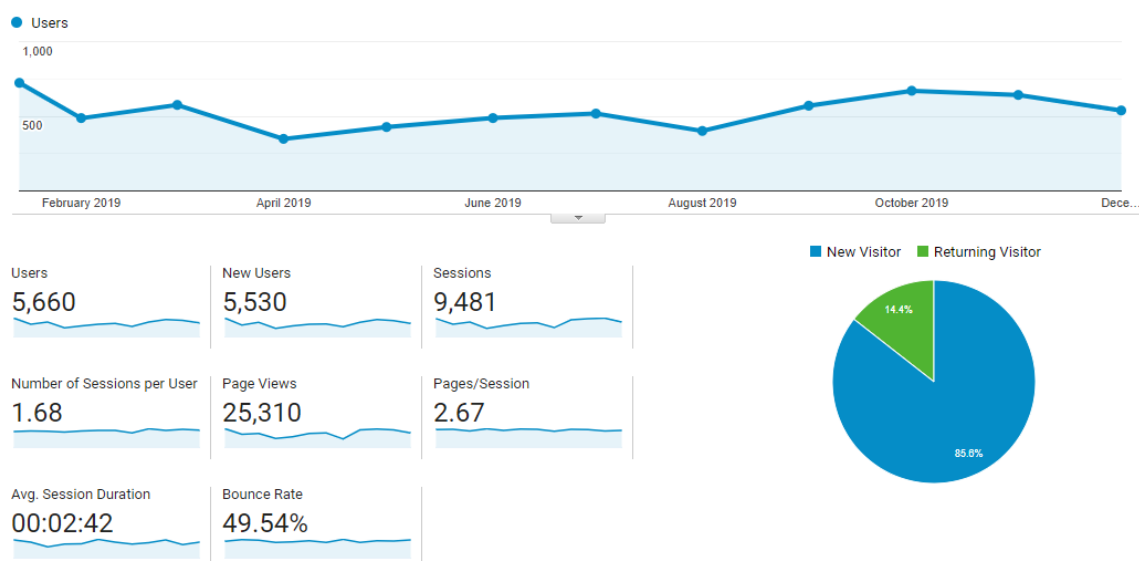
On 5 November 2019, MS Florence Bindelle was invited by EAPB to discuss on priorities on CMU and add some other issues on EuropeanIssuers' agenda.

On 12 November 2019, Mr Luc Vansteenkiste opened the Ceremony Awards with crucial remarks and Ms Florence Bindelle introduced awarded companies.

On 18 November 2019, Ms Florence Bindelle was invited to speak at the Future of equity markets - DG FISMA/Oxera roundtable event in Brussels.

On 29 November 2019, Ms Bade Kizilaslan went to Amsterdam to present EuropeanIssuers' activities and position on taxonomy at the IR Summit organized by Kepler Chevreux.

## Website





















Here above the number of users of EuropeanIssuers' website during 2019.

With increasing promotion of EuropeanIssuers' activities, speaking engagements and events, EuropeanIssuers' website traffic followed a positive curb during the year 2019. The EuropeanIssuers website retained 5,660 users, attracted over 5,530 new users and generated 25,310 page views over the course of 2019. In terms of session duration, a regular user browsed the website for an average of 2:67 minutes. After the Homepage, the most viewed page on the website is the Publications Viewer page. This page includes the following sections of the website: press releases, newsflashes, speaking engagements, press articles and member news. This indicates that users hold a strong interest in our activities and accomplishments.

In addition, EuropeanIssuers also increased its member associations' visibility by sharing their press releases, news or other activities of interest on the website and social media accounts. For instance, among others, the conference "[EuropeanIssuers shared the Foreign Direct Investment: what challenges and what tools for the European Union](#)" organised by AFEP and published a newsflash announcing the QCA's [Research Report on Corporate Governance on AIM](#).

In terms of location, the website received the highest number of visitors from the United States, Belgium and France. Finland made it into the top 10 in 2019 due to EuropeanIssuers' interactions with various Finnish companies and associations like Nordea, Sampo, Confederation of Finnish Industries etc.

	Country	Users	% Users
1.	 United States	1,295	 22.65%
2.	 Belgium	1,242	 21.72%
3.	 France	555	 9.71%
4.	 Italy	354	 6.19%
5.	 United Kingdom	349	 6.10%
6.	 Germany	339	 5.93%
7.	 Netherlands	221	 3.87%
8.	 Spain	188	 3.29%
9.	 Finland	182	 3.18%
10.	 Austria	92	 1.61%

## **Social Media**

On social media, EuropeanIssuers maintained their presence with regular posts relating to specific speaking engagements, position papers, public newsflashes, events marketing, mentions in the press and presence at conferences.

### ***Twitter***

In 2019, EuropeanIssuers Twitter account gained 178 followers and reached 658 followers which indicates a rise in EuropeanIssuers' visibility on social media, which is mostly due to new communication strategies put in place in September 2019.

The table below indicated top tweets of 2019.

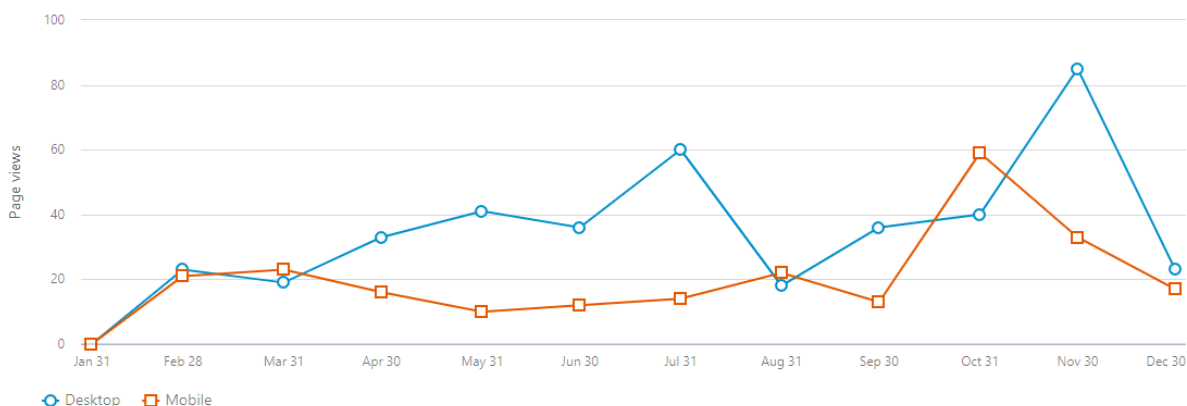
**Impressions:** The number of times a tweet shows up in somebody's timeline.

**Engagements:** Total number of times a user interacted with a Tweet. Clicks anywhere on the Tweet, including Retweets, replies, follows, likes, links, cards, hashtags, embedded media, username, profile photo, or Tweet expansion.

EuropeanIssuers' top tweet of 2019, announcing the runners-up of the Small and Mid-Cap Awards 2019, had 2.290 impressions overall.

### ***LinkedIn***

EuropeanIssuers company page gained 79 followers in 2019 and reached 335 followers in total. The below table shows the page views, blue line showing desktop view and orange line showing mobile view. The page got 118 views in November 2019.



In September 2019, EuropeanIssuers launched a LinkedIn group ‘EuropeanIssuers News - Serving quoted companies.’ The goal of this page is to share the latest EuropeanIssuers news with the group members and start real-time online discussion between members. Since the launch, the news group has gained 41 members. Some of the members are starting live discussions on the group which reflects the members’ interest and the group’s activity level.

### ***IssuersHub Mobile App***

In 2019, IssuersHub got some attention from target members. It has continued to be used actively by EuropeanIssuers members. EuropeanIssuers is in contact with the developers to keep the app up-to-date and increase its audience range. Also, a Google Analytics indicator is planned to be developed soon for the app to better track the member engagement and traffic.

More on IssuersHub on:

- For **Apple** Smartphones / Tablets:  
<https://itunes.apple.com/us/app/issuershub/id1234555785?mt=8>
- For **Android** Smartphones / Tablets:  
<https://play.google.com/store/apps/details?id=com.symexeconomics.euissuers>

## **2) Events**

### **Advisory Council, June, Brussels**

The Advisory Council took place on 7 June 2019 at the FEB premises, in Brussels, from 12pm to 2.30pm. The meeting was attended by 24 participants and was chaired by Count Etienne Davignon.

The discussions revolved around EY’s presentation regarding the European Attractiveness Survey, Brexit’s influence on the European Capital Markets and the complexity of the financial markets functioning. In addition, the Advisory Council group discussed how the European financial landscape should be redesigned to support the EU economy.

The Advisory Council participants were from: World Federation of Investors, Financière de Tubize, Veolia, Valeo, AXA, ENGIE, BNP Paribas Fortis, Deutsches Aktieninstitut, Piraeus Bank SA, Aegon, Orange Polska, Brokerslink, REN, Banco Santander, Assonime, FEB and Portmierion Group.



On Friday 22 June 2019, EuropeanIssuers held a call with the Advisory Council Taskforce to provide feedback on the last Advisory Council and brainstorm about the upcoming one. Ms Florence Bindelle and Mr Luc Vansteenkiste debriefed the taskforce about the highlights of the last Council. The discussion revolved around the ways to increase participation and the choice of speakers for the next Council.

### **European Small and Mid-Cap Awards, November, Brussels**

EuropeanIssuers, along with Federation of European Securities Exchanges (FESE) and the European Commission organised the 7<sup>th</sup> edition of the [European Small and Mid-Cap Awards](#). The SME Awards were largely promoted on digital and written press.



The Awards aim to promote best practices and to highlight the best European Small and Mid-Sized Companies that have gained access to capital markets via an IPO. They showcase the diversity of European markets and aim to promote stock listings, targeting SMEs and growth companies. These companies are critical to European economic recovery and to accomplishing the EU's goals of job creation, competitiveness and growth.

Ms. Florence Bindelle, Mr. Rainer Riess, Director General of FESE and the jury members introduced the awards. The Awards Ceremony was attended by journalists, CEOs, policy makers and representatives from stock exchanges as well as nominated company representatives from company

finalists.

## **Winners**

### **International Star**



Carel is a world leader in control solutions for air-conditioning, refrigeration and heating, and systems for humidification and evaporative cooling. Carel's products are designed to bring energy savings and reduce the environmental impact of machinery and systems; their solutions are used in commercial, industrial and residential applications.

Carel is listed on **Borsa Italiana**, Italy

### **Rising Star**



Immersive VR Education Ltd is a virtual reality software company dedicated to creating quality educational experiences for all students. The company's vision for the future is to see virtual reality become a staple tool for education and corporate training.

VR Education is listed on **Euronext**, Ireland

### **Star of Innovation**

Atlantic Sapphire is pioneering Bluehouse<sup>TM</sup> (land-raised) salmon farming, locally, and transforming protein production, globally. Atlantic Sapphire has been operating its innovation centre in Langsand, Denmark since 2011 with a strong focus on R&D and innovation to equip the company with technology



and procedures that enable the company to commercially scale up production in end markets close to the consumer.

Atlantic Sapphire is listed on **Oslo Børs**, Norway

#### Star of 2019



Admicom is a Finnish provider of cloud-based ERP solutions for construction, building services engineering and manufacturing companies and a comprehensive partner in software and accounting services. They are a profitable and rapidly growing company, largely owned by their staff.

Admicom is listed on **Nasdaq**, Finland

#### Special Mention



CEPYME500 is a Cepyme (the most representative business association of crafts and SMEs in Spain) initiative that identifies, selects and promotes all of the 500 Spanish companies that are leaders in business growth, both for their results and their ability to generate added value, employment, innovation and international projection.

The main function of this initiative is to grant recognition and national and international projection to the companies that have been selected, contributing to boost their growth potential.

### Kepler-Cheuvreux IR Summit, November, Amsterdam

Having already partnered in past summits, EuropeanIssuers renewed its partnership for the 10<sup>th</sup> IR Summit hosted by Kepler Cheuvreux in Brussels on 21 November 2019. Two of EuropeanIssuers member associations, the QCA and MiddleNext, were also partners in the organisation of the event. With over 200 attendees, the audience was mainly composed of Investor Relations Executives from around Europe.

## II. Membership

EuropeanIssuers' members consist of both national associations and issuers themselves, being EU companies quoted on the main regulated markets and the alternative exchange-regulated markets, from all sectors.

### 1) Member Associations





Union of Listed Companies



**FEB**  
Fédération des  
Entreprises de  
Belgique



**SwissHoldings**

Verband der Industrie- und Dienstleistungskonzerne in der Schweiz  
Fédération des groupes industriels et de services en Suisse  
Federation of Industrial and Service Groups in Switzerland

**VEUO**

Vereniging Effecten Uitgevende Ondernemingen

## 2) Associate Members



## 3) Member Companies



**ASML**



Wolters Kluwer



BNP PARIBAS

Atlantia



**ITALMOBILIARE**  
INVESTMENT HOLDING

**L'ORÉAL**



MEDIOBANCA



**MICHELIN**

**PHILIPS**

**Prysmian**  
Group



## **Member Services**

EuropeanIssuers offers a number of services to its members such as advocacy, intelligence gathering, monitoring and communications, networking and education at events.

### **Advocacy**

- ✓ Meetings with EU policymakers (European Commission, European Parliament, Council of the EU and European Securities and Markets Authority);
- ✓ Meetings with other stakeholders and coalition building;
- ✓ Developing proposals in the interest of better functioning financial markets for the benefit of quoted companies;
- ✓ Responding to EU consultations via working groups and committees to seek common agreement across national jurisdictions;
- ✓ Representation in the stakeholder and expert groups of various institutions and bodies.

### **Intelligence resources**

- ✓ Participation in an efficient and successful network of experts by taking part in EuropeanIssuers standpoints and joining in working groups and policy committees;
- ✓ Access to high-level speakers to hear their views on current legislative dossiers;
- ✓ Members' area of the EuropeanIssuers web portal with an online working space where members share their expertise and experience.

### **Monitoring and Communication**

- ✓ Secretariat based in Brussels to keep track of EU initiatives and provide members with first-hand information on regulatory changes;
- ✓ Specific alerts regarding consultations of interest;
- ✓ Bi-monthly member newsletter;
- ✓ Rapid access to a wide range of EU legislation information via the website.

- ✓ Constantly updated “Policy Scorecard” with an overview of EU legislation with links to relevant documents for members only;
- ✓ Free advertising on the website of member events;
- ✓ Publication of financial information on *IssuersHub* Mobile App.

#### **Networking and education at events**

- ✓ High level events to meet peers and key players active in the European financial regulation;
- ✓ Roundtable discussions with investors and other stakeholders;
- ✓ An ideal platform to access a wide network of professionals across Europe;
- ✓ Members only events and meetings to discuss key issues with peers (Annual General Assembly, Policy Committee and Smaller Issuers Committee).

## **PART 3: General Matters**

### **Annual General Meeting**

The Annual General Meeting (AGM) was held on 20 April 2018. As part of the statutory agenda, the annual accounts, the budget and other governance related decisions were approved. The AGM also renewed mandates and appointed new members to its board.

We warmly welcome Mr Philippe Lambrecht from FEB in joining EuropeanIssuers’ Board and look forward to his inputs to our work.

### **Financial Model**

EuropeanIssuers’ ability to maintain and grow its programme of activities and operations is totally dependent on its financial health. Since 2016, our accumulated reserves have increased to reach €479.513 at the end of 2019. Our reserving policy requires us to maintain reserves to cover the legal liabilities in case of liquidation, which are approximately 6 months of operating costs which is €241.500.

### **Business Model**

In order, for EuropeanIssuers, to deliver services to its members, it relies upon an efficient business model to maintain its revenues and to leverage its resources.

The essential ingredients of the business model are as follows:

- a) Members’ subscription fees will be maintained at the lowest possible level in order to maximise value for members and reduce any barriers for prospective members.
- b) All member services are ‘free of charge’ to fee paying members.
- c) Membership fees represent 96% of EuropeanIssuers’ overall revenue.
- d) Sponsorships cover the remaining 4 %.
- e) We aim to achieve a small trading surplus each year having reached an acceptable level of reserves in accordance with our reserving policy.
- f) All EuropeanIssuers activities are authorised by the Board through the various policy committees and working groups.

## Financial Statements 2019<sup>2</sup>

### Income Statement

#### Revenues

The membership income is lower than budget expectations due to the unpaid fee from Sydek (6000 €). The other sources of income are from the partnership with EY on the EIAC.

#### Expenditures

Approximately 80% of total expenses are salaries costs and represent the largest budget item. In 2019, those have been slightly above the budget due to changes in the staff structure. The other costs have been contained. Overall, the total 2019 expense figure is under budget due to the high turnover in short term contracts and some actions not carried out.

### Statement of Financial Position

EuropeanIssuers is a not for profit organisation subject to Belgian law on not for profit organizations of 27 June 1921. Between 2018 and 2019 the current assets increased by 38%. The short-term liabilities decreased by 50%. The fixed assets have increased from 6.528€ in 2018 to 6.899,48 € in 2019. Working capital increased by 49% in 2019 compared to 2018. From this review, EuropeanIssuers' financial position is improving and still in line with its reserve policy and in good health to allow its future expansion and growth. It allows EuropeanIssuers to allocate investment in the relocation project around 150.000€ for the works shared with Afep and Assonime and an estimate of 20.000€ for the furniture.

AktieënForum and Sydek, two associations have informed us of the cancellation of their respective membership. Gomespace, however, a company from Denmark has joined EuropeanIssuers' ranks. Danone from France, Hiliventures from Malta, ASML from the Netherlands also put an end to its membership. These losses will be effective as of January 1<sup>st</sup>, 2020. Regarding our partnership, EY is renewing its contribution to the Advisory Council Meeting.

### Governance

#### Bylaws

The bylaws are the set of rules established by EuropeanIssuers to regulate itself, as allowed by the Belgian authorities. EuropeanIssuers is set up as a not-for-profit organisation under the Belgian Law of 27 June 1921. A copy of the bylaws is available on the [website](#).

#### Secretariat

The secretariat is based in Brussels where the team is located.

---

<sup>2</sup> Subject to audit approval

Chairman: Luc Vansteenkiste

Secretary General: **Florence Bindelle** ([florence.bindelle@europeanissuers.eu](mailto:florence.bindelle@europeanissuers.eu))

Policy Adviser: **Frederico Martins** ([frederico.martins@europeanissuers.eu](mailto:frederico.martins@europeanissuers.eu))





Policy Assistant: **Benjamin DeBerg** ([info@europeanissuers.eu](mailto:info@europeanissuers.eu))

Communication Officer: **Bade Kizilaslan** ([bade.kizilaslan.@europeanissuers.eu](mailto:bade.kizilaslan.@europeanissuers.eu))






Office and Membership Assistant: **Constance de Crombrugghe**  
([constance.decrombrugghe@europeanissuers.eu](mailto:constance.decrombrugghe@europeanissuers.eu))






## 2019 Board Members



The Board is composed of 18 members who are elected for a 3-year mandate.

	<p><i>Luc VANSTEENKISTE, <b>Chairman</b></i></p> <p>EuropeanIssuers</p> <p><a href="http://www.europeanissuers.eu">http://www.europeanissuers.eu</a></p>
	<p>Christine BORTENLÄNGER, <b>Board Member</b> Executive Member of the Board</p> <p><i>DEUTSCHES AKTIENINSTITUT</i></p> <p><a href="https://www.dai.de">https://www.dai.de</a></p>
	<p>Marcelo BIANCHI, <b>Board Member</b> Deputy Director General</p> <p><i>Assonime</i></p> <p><a href="http://www.assonime.it">http://www.assonime.it</a></p>
	<p>Dr. Athanasios KOULORIDAS, <b>Board Member</b> Legal Counsel</p> <p><i>Union of Listed Companies</i></p> <p><a href="http://www.eneiset.gr/">http://www.eneiset.gr/</a></p>



	<p>Abel FERREIRA, <b>Board Member</b> Executive Director</p> <p>AEM - ASSOCIAÇÃO DE EMPRESAS EMITENTES DE VALORES COTADOS EM MERCADO</p> <p><a href="https://emitentes.pt">https://emitentes.pt</a></p>
	<p>Adolfo FEIJOO REY, <b>Board Member</b> Member of the Executive Committee</p> <p><i>Emisores Espanoles</i></p> <p><a href="https://www.emisoresespanoles.es">https://www.emisoresespanoles.es</a></p>
	<p>Mirosław KACHNIEWSKI, <b>Board Member</b> Chairman</p> <p>SEG - Stowarzyszenie Emitentów Giełdowych</p> <p><a href="https://seg.org.pl">https://seg.org.pl</a></p>
	<p>Jan NOOITGEDAGT, <b>Board Member</b> Director General</p> <p>VEUO - Vereniging Effecten Uitgevende Ondernemingen</p> <p><a href="https://www.veuo.nl">https://www.veuo.nl</a></p>
	<p>Muriel de SZILBEREKY, <b>Board Member</b> Managing Director</p> <p>ANSA – Association Nationale des Sociétés par Actions</p> <p><a href="http://www.ansa.it">http://www.ansa.it</a></p>

	<p>Gabriel RUMO, <b>Board Member</b> CEO</p> <p><i>SwissHoldings</i></p> <p><a href="https://swissholdings.ch">https://swissholdings.ch</a></p>
	<p>François SOULMAGNON, <b>Board Member</b> Director General</p> <p><i>AFEP – Association française des entreprises privées</i></p> <p><a href="http://www.afep.com">http://www.afep.com</a></p>
	<p>Massimo TONONI, <b>Board Member</b> Chairman</p> <p><i>Previously Prysmian Chairman</i></p> <p><a href="https://www.prysmiangroup.com">https://www.prysmiangroup.com</a></p>
	<p>Natalia VALTASAARI, <b>Board Member</b> Director Investor Relations</p> <p><i>Wärstilä Corporation</i></p> <p><a href="https://www.wartsila.com">https://www.wartsila.com</a></p>
	<p>Philippe Lambrecht, <b>Board Member</b> Director – Secretary General</p> <p><i>ABSC-BVBV – Association belge des sociétés cotées en Bourse – Belgische vereniging van beurgsgenoteerde vennootschappen</i></p> <p><a href="https://www.vbo-feb.be/">https://www.vbo-feb.be/</a></p>

	<p>Tim WARD, <b>Board Member</b> Chief Executive</p> <p><i>Quoted Companies Alliance</i></p> <p><a href="https://www.theqca.com">https://www.theqca.com</a></p>
	<p>Caroline WEBER, <b>Board Member</b> General Manager</p> <p><i>Middlenext</i></p> <p><a href="http://www.middlenext.com">http://www.middlenext.com</a></p>

## 2019 Policy Committee Members



**Odile DE BROSES**, *Chairwoman of the Policy*

Name	Organisation	Country
Alaez Begona	Santander	Italy
Amendolagine Michele	Assicurazioni Generali	Italy
Andrieux Eric	Michelin	France
Badini	ENI	Italy
Beglinder Jacques	Swissholdings	Switzerland
Bianchi Marcello	Assonime	Italy
Biernacki Piotr	SEG	Poland
Bonomo Fabio	Enel	Italy
Corney Claire	ComputerShare	United Kingdom
Cremers Thiebald	BNP Paribas	France
De Felice Alessandro	Prysmian Group	Italy
Duchateau Jean-Baptiste	Veolia	France
Ferreira Abel	AEM	Portugal
Geraci Lucrezia	Edison	Italy
Grondhuis Myrtle	Veuo	The Netherlands

Koulouridas Athanasios	Union of Listed Companies	Greece
Lück Maximilian	Deutsches Aktieninstitut	Germany
Marsal Pierre	ANSA	France
Marshall Jack	QCA	United Kingdom
Paris de Bollardi�re Charles	Total	France
Passamonti Francesca	Intesa SanPaolo	Italy
P�lerin J�r�mie	AFEP	France
Peetermans Eric	VBO-FEB	Belgium
Renard Patrick	Air Liquide	France
Rello Enric	Oryzon Genomics	Spain
Rognon Serge	L'Or�al	France
Roovers Michiel	Unilever	The Netherlands
Schaus Malorie	VBO-FEB	Belgium
Van Den Hurk	Aegon	The Netherlands
Van Der Woude	Relx	United Kingdom
Vazquez	Emisores Espa�oles	Spain
Ward Tim	QCA	United Kingdom
Weber Caroline	Middlenext	France

## **2019 Smaller Issuers Committee Members**

**Tim WARD**, The QCA

*Co-chair of the Smaller Issuers Committee*



**Caroline WEBER**, MiddleNext

*Co-chair of the Smaller Issuers Committee*



<b>Name</b>	<b>Organisation</b>	<b>Country</b>
Allotti Valentina	Assonime	Italy
Mr. Gregorio Arranz	Emisores Espa�oles	Spain
Alessandra Casale	Assonime	Italy
Christine Darville	VBO-FEB	Belgium
Ferreira Abel	AEM	Portugal
Leven Franz-Josef	Deutsches Aktieninstitut	Germany
Witkowski Dariusz	SEG	Poland

## 2019 Working Groups

Topic of the Working Group	Chaired by	Association	Country
Capital Market Union	Gerrit Fey	Deutsches Aktieninstitut	Germany
	Max Lück		
Corporate Bonds	Le Quang Tran Van	AFEP	France
Corporate Governance I	Odile de Brosses	AFEP	France
Corporate Governance II	Pierre Marsal	ANSA	France
Corporate Reporting	Le Quang Tran Van	AFEP	France
	Elisabeth Gambert	AFEP	France
Company Law	Valentina Allotti	Assonime	Italy
EMIR	Vittorio D'Ecclesiis	ENI	Italy
Supervisory Reporting	Vittorio D'Ecclesiis	ENI	Italy
Financial Transaction Tax	Le Quang Tran Van	AFEP	France
Market Abuse	Paola Spatola	Assonime	Italy
Public Country-by-Country Reporting	Pierre Marsal	ANSA	France
Prospectus	Tim Ward	The QCA	United Kingdom
	Le Quang Tran Van	AFEP	France
Smaller Issuer WG	Tim Ward	The QCA	United Kingdom
	Caroline Weber	Middlenext	France
Securities Law, Markets' Infrastructure and Standards for General Meetings	Pierre Marsal	ANSA	France

## EuropeanIssuers Working Groups

EuropeanIssuers has several groups of experts working together to discuss policy issues affecting European quoted companies and develop common positions reflecting the views of EuropeanIssuers members. Those Working Groups cover several legislative files in the same field and are created to analyse the European legislative proposals. There are at least 3 members from different member associations/companies with geographically balanced composition in order to represent a truly pan-European viewpoint. A chair is appointed amongst the members of each WG based on time commitment and expert knowledge of the topic. Decisions are taken by consensus.

### ***EMIR - chaired by Vittorio D'Ecclesiis, function, ENI, Italy***

This working group addresses the proposals of the European Commission on the reviews of the existing **EMIR Regulation** which regulates the reporting, clearing and margining of derivative transactions. The **European Market Infrastructure Regulation (EMIR)** is a body of European legislation for the regulation of over-the-counter derivatives. It was originally adopted by the EU legislature on July 4, 2012 and came into force on August 16, 2012.

### ***Corporate Reporting - co-chaired by Elisabeth Gambert (Afep, France) & Lé Quang Tran Van (Afep, France)***

This working group addresses 3 items:

**Sustainable Finance action plan proposals**

On 8 March 2018, the European Commission published a **Sustainable Finance** Action Plan, unveiling an EU strategy on sustainable finance setting out a roadmap for further work and upcoming actions covering all relevant actors in the financial system presented in the Action Plan.

#### **XBRL format of reporting**

The draft Regulatory Technical Standards (RTS) published by European Securities and Markets Authority (ESMA) specify the new digital format in which issuers should prepare their Annual Financial Reports (AFRs) starting from 2020. The draft RTS obliges listed European companies to file their annual reports as a XHTML document in which the consolidated financial statements in IFRS shall be encoded in the so-called inline **XBRL (iXBRL)**-format.

#### **Guidelines on non-financial reporting**

The Commission adopted guidelines on the disclosure of environmental and social information to help companies disclose relevant non-financial information in a consistent and more comparable manner. The aim is to boost corporate transparency and performance, as well as encourage companies to embrace a more sustainable approach.

#### ***Supervisory Reporting - chaired by Vittorio D'Ecclesiis (ENI, Italy)***

This working group addresses the consultation on the **fitness check of the EU supervisory reporting requirements** in the financial sector. It assesses the supervisory reporting requirements in EU financial legislation to check if these requirements are meeting their objectives, if the different reporting frameworks are consistent with one another, and if the cost and burden of reporting is reasonable and proportionate. It identifies areas where the reporting cost and burden could be reduced by streamlining requirements, while continuing to ensure financial stability, market integrity, and consumer protection.

#### ***Capital Markets Union - chaired by Gerrit Fey and Max Lück (Deutsches Aktieninstitut, Germany)***

This working group addresses the European Commission's **Action Plan for a Capital Markets Union** to help build a true single market for capital across the EU launched in 2015. The Action Plan is a key pillar of the Investment Plan for Europe, the so-called "Juncker Plan". A single capital market will be beneficial for all EU Member States, but will particularly strengthen the Economic and Monetary Union, by fostering cross-border private risk-sharing in the Euro area to absorb systemic economic shocks.

It is built around the following key principles:

- Deepening financial integration and increasing competition;
- Creating more opportunities for investors;
- Connecting finance to the real economy by fostering non-bank funding sources; and
- Ensuring a stronger and more resilient financial system.

#### ***Securities Law & Markets' Infrastructure – chaired by Pierre Marsal (ANSA, France)***

This working group addresses the proposal published on 12 March 2018 by the Commission for a **Regulation on the law applicable to the third-party effects of assignments of claims**, accompanied by a **Communication clarifying the applicable law to the proprietary effects of transactions in securities**.

#### ***Corporate Governance - chaired by Odile de Brosse (Afep, France)***

The working group addresses:

#### **Proxy Advisors**

The experience with shareholder voting research & analysis providers, often referred to as “proxy advisors”, seems to vary among different EU countries and companies: transparency and engagement with companies, of the voting policy, management of conflicts of interests, local corporate governance and market practices are covered in this working group.

#### **Shareholders Rights Directive**

The Shareholder Rights Directive II (SRD II) is a European Union (EU) directive, which sets out to strengthen the position of shareholders and to ensure that decisions are made for the long-term stability of a company. It amends SRD1 which came into effect in 2007, with the objective of improving corporate governance in companies whose securities are traded on the EU's regulated markets. SRD II, as an amending Directive, will require transposition into each Member State's national law and is expected to be implemented during Q2:2019.

#### ***Public Country-by-Country Reporting - chaired by Pierre Marsal (ANSA, France)***

This working group addresses the proposal on public country-by-country reporting. On 12 April 2016, the Commission published a proposal on **public country-by-country reporting** as an amendment to the Accounting Directive of 2013, together with an impact assessment. The proposal contains a requirement for multinational companies with turnover exceeding €750 million annually and operating in the European Union, to disclose certain accounting and tax information on their world-wide operations. This tax information will include income tax paid and accrued as well as “contextual” information (description of activities, number of employees, annual revenue). This information is to be broken down by country for the EU Member States and tax heavens but aggregated for other non-EU tax jurisdictions.

#### ***Prospectus - co-chaired by Tim Ward (the QCA, UK) and Lé Quang Tran Van (Afep, France)***

This working group addresses the Regulation EU 2017/1129 of the European Parliament and the Council of 14 June 2017 on the **prospectus** to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC and the Commission's draft delegated act to be adopted under the Prospectus Regulation (EU) 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

#### ***Market Abuse - chaired by Paola Spatola (Assonime, Italy)***

The working group addresses the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on **market abuse (Market Abuse Regulation)**. The Market Abuse Regulation (MAR) seeks to ensure that European Union (EU) regulation keeps pace with market developments to combat market abuse on financial markets as well as across commodity and related derivative markets.

#### ***Company Law - chaired by Valentina Allotti (Assonime, Italy)***

This working group addresses the Company Law Package. On 25 April 2018, the Commission adopted the “**Company Law package**”, which consists of two proposals for Directives amending Directive (EU) 2017/1132: a Directive on the use of digital tools and processes in company law and a Directive on cross-border conversions, mergers and divisions. The package aims to facilitate the use of digital technologies throughout a company's lifecycle and cross-border conversions, mergers and divisions.



### ***Corporate Bonds - chaired by Lé Quang Tran Van (Afep, France)***

This working group is active on **corporate bond market liquidity** in the European Union: the analysis of the factors that influence market liquidity in corporate bonds, both financial and non-financial. It also addressed the scope of the PRIIPs in respect of corporate bonds.

### ***Financial Transaction Tax - chaired by Lé Quang Tran Van (Afep, France)***

This working group addresses the European Union **financial transaction tax (EU FTT)**, which is a proposal made by the European Commission to introduce a financial transaction tax (FTT) within some of the member states of the European Union initially by 1 January 2014, later postponed several times. According to early plans, the tax would impact financial transactions between financial institutions charging 0.1% against the exchange of shares and bonds and 0.01% across derivative contracts, if just one of the financial institutions resides in a member state of the EU FTT.

### ***Smaller Issuers - chaired by Tim Ward (QCA, UK)***

The markets in financial instruments directive (Directive 2004/39/EC) in force from 31 January 2007 to 2 January 2018 is a cornerstone of the EU's regulation of financial markets. In June 2014, the European Commission adopted new rules revising the MiFID framework. These consist of a directive (MiFID 2) and a regulation (MiFIR). This working group addresses the impact on smaller issuers.

## **List of Abbreviations – Annual Report 2019**

AC – Advisory Council  
ADR – American Depositary Receipts  
AFME – Association for Financial Markets in Europe  
AFR – Annual Financial Report  
APAs - Approved Publication Arrangements  
BEPS – Base Erosion and Profit Shifting  
CBCR – Country by Country Reporting  
CCPs – Central Counterparties  
CGSH – Cleary, Gottlieb, Steen & Hamilton  
CMU – Capital Markets Union  
CWG – Consultative Working Group  
CWP – Council Working Party  
EACT – European Association of Corporate Treasurers  
EC – European Commission  
ECGCN – European Corporate Governance Codes Network  
EFRAG – European Financial Reporting Advisory Group  
EMIG – European Market Implementation Group  
EMIR – European Markets Infrastructure Regulation  
EP – European Parliament  
ESA – European Supervisory Authorities  
ESEF – European Single Electronic Format  
ESMA – European Securities & Markets Authority  
ETF – Exchange Traded Funds

EU – European Union  
FC – Financial Companies  
FTT – Financial Transaction Tax  
HLEG – High Level Expert Group on Sustainable Finance  
IAS – International Accounting Standards  
IASB – International Accounting Standards Board  
IPO – Initial Public Offering  
IRFS – International Reporting Financial Standards  
KFI – Key financial Information  
KID – Key Information Document  
LEI – Legal Entity Identifier  
MAR – Market abuse Regulation  
MEPs – Members of the European Parliament  
MIFID – Markets in Financial Instrument Directive  
MTF – Multilateral Trading Facilities  
NFCs – Non-Financial Companies  
NFRD – Non-Financial Information Directive  
OECD – Organisation for Economic Co-operation and Development  
OTC – Over the Counter  
PRIIPS - Packaged Retail and Insurance-based Investment Products  
RTS – Regulatory Technical Standards  
SME – Small and Medium-sized Enterprises  
SMSC - ESMA Secondary Markets Standing Committee  
SRD – Shareholder Rights Directive  
TA - Technical Advice  
TCFD – TaskForce on Climate-related Financial Disclosure  
TEG – Technical Expert Group  
XBRL – eXtensible Business Reporting Language