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Strengthening IPOs and Reducing Remaining Listing Burdens in the EU

July 2026

Introduction and Executive Summary

EuropeanIssuers represents publicly quoted companies across Europe, advocating for EU policies that allow businesses of all sizes, from emerging growth firms to large blue chips, to raise capital efficiently and support long-term growth.

We are highly concerned that European public equity markets appear to be caught in a structural trap. Over the past decade, the number of listed companies in the EU has fallen by approximately 15%, IPO activity has reached near 20-year lows, and new listings consistently fail to keep pace with delistings. This trend is accompanied by the fact that the importance of European companies among the TOP 100 listed companies has also significantly decreased, from 46 (2007) to 18 (2024)[1].

This dynamic obviously has broader negative macroeconomic and strategic implications, as listed companies deliver significant benefits to the broader economy and whole society. Listed European companies, being subject to high transparency requirements, increase the transparency of the EU economy, thus contributing to higher environmental, social, and labour standards as well as to increased tax income. Similarly, they offer accessible investment opportunities based on high transparency and governance standards for both retail and institutional investors, thus allowing people to participate in corporate success stories and to build up long-term wealth. On the other hand, lively equity markets can play a key role in capital formation, company growth, and economic development. They provide continuity after venture capital and private equity, helping companies scale while contributing to increasing EU competitiveness and to the financing of the green and digital transitions.

[1] See EY, https://www.ey.com/de_de/newsroom/2025/01/ey-marktkapitalisierung-2024 (in German)

To counter the negative trend, EuropeanIssuers has continuously advocated for a broad initiative to curb the shrinking attractiveness of public equity markets and revive European IPO activity. This initiative should include:

- **Development of a strong European investor base** by setting stronger incentives for capital market participation and long-term savings and pension schemes, as well as by allowing retail investors to trade on foreign EU regulated markets with reasonable fees. It should also encompass initiatives aimed at improving financial education in the EU, permitting consumers/investors to improve their knowledge of financial products, concepts, opportunities, and risks, and acquire the skills and confidence to make informed choices and know where to go for financial assistance.

- **Providing a 28th regime for the legal integration of capital markets**, open to companies of all sizes and sectors, and designed around the entire corporate lifecycle, from start-up and scale-up to going public and issuing securities.

- **Making the framework of capital markets fit to innovate** by accelerating the digital transformation of listing procedures and opening regulations to the use of distributed ledger technology (DLT), as well as digital currency for the issuance, trading, settlement, and maintenance of securities. Promoting DLT adoption in public markets could make capital market financing more attractive, especially for innovative firms, by simplifying access to funding and supporting a robust, forward-looking financial DLT ecosystem.

- **Starting a bold initiative for a "Listing Requirements Omnibus"** to make regulation affordable in general for listed companies, thus alleviating the regulatory gap between public and private capital markets. This initiative would ensure that any regulation exclusively targeting listed companies is fundamentally justified by their unique nature.

- **Considering specific incentives for being listed**, thus honouring the specific benefit listed companies offer to society and investors by offering transparent and accessible assets for wealth building and raising the attractiveness of a listing by granting additional benefits to them.

Whereas a number of initiatives have been started regarding the first three aspects, ambition regarding the latter two is lacking.

Against this background, this paper:

- **puts forward potential measures on how listings could be incentivised, promoting the creation of transparent, liquid, and accessible assets for private and institutional investors (Chapter I).**

- **puts forward concrete, targeted solutions to revise disproportionately burdensome regulatory requirements and to address the structural imbalances currently creating hurdles to listing and setting incentives to delist (Chapter II).**

Regarding a "Listing Requirements Omnibus", it is important to note that regulation significantly influences the cost-benefit analysis of companies potentially suitable for a listing and those already listed. Public listings nowadays require companies to operate under comprehensive transparency and market integrity rules. Though also intended to build trust among investors, these obligations impose substantial operational and financial costs, requiring internal resources, legal expertise, and external advisory support. The cumulative regulatory burden has grown significantly over time and has turned out to be excessive in many cases, especially when regulation adopts a one-size-fits-all approach.

In addition to these significant explicit costs, a listing increasingly comes at the cost of being put at a competitive disadvantage vis-à-vis non-listed companies when it comes to doing business. Thus, the benefit of being listed (i.e., having better access to finance) is increasingly countervailed, as listed companies must make public information that can also be used by competitors or that leads to disadvantages for listed companies in relevant strategic decisions, such as M&A situations.

The overarching goal of the Listing Omnibus must be to make EU listings more accessible and competitive by focusing regulation on what is strictly necessary for the proper functioning of markets.

Similarly, the specific situation of listed SMEs needs to be recognised, for which access to institutional investors is a key problem and alternative private financing has become widely available and can be attracted within a less demanding regulatory framework. Thus, the initiative should also make requirements more proportionate and sensitive to the size and nature of issuers and the markets in which they operate and should target a single rulebook for compliance requirements of listed companies. EuropeanIssuers therefore supports regulatory phase-in measures to incentivise listings, including the exploration of a simplified regulatory framework for companies accessing the market for the first time, following the model of the JOBS Act adopted in the United States in 2012. In addition, some requirements, such as the issuer-related transparency requirements under MAR, should be applied only on Regulated Markets and not on MTFs or OTFs, in order to ensure a more differentiated regulatory approach across markets and to facilitate access to public markets for smaller issuers. To clarify, however, EuropeanIssuers is strongly in favour of maintaining the provisions on insider dealing and market manipulation also for MTFs and OTFs.

I. Strengthening Incentives to List and to Remain Listed

Against the background of the shrinking number of listed companies outlined above, it could also be considered to develop innovative measures that directly or indirectly support listings in the EU, thus changing the current cost-benefit calculation also from the benefit side. This could be justified by recognising and rewarding the transparency and governance standards of listed companies and keeping in mind that offering a broad and accessible investment universe would also have benefits for investors. Among the measures that could be considered:

- **Support investments in EU equity:** nearly a year ago, seven Member States launched the "Finance Europe" label to create investment opportunities for European citizens (Estonia, France, Germany, Luxembourg, the Netherlands, Portugal, and Spain). This initiative should not fall on deaf ears. Concrete measures should be implemented to encourage European savings to finance European companies. EuropeanIssuers invites Member States that are not part of the initiative to consider joining it. The Member States that have launched the label should put in place effective investment schemes to support investments in EU assets.

- **Public Procurement Recognition:** High transparency and governance standards of issuers should be acknowledged within public procurement frameworks, giving listed companies preferential access to public contracts and encouraging the use of public funds in a transparent and socially responsible manner.

- **Targeted public support:** Opening public support programmes for start-ups and scale-ups to IPOs or listed companies still scaling up could promote listings and efficiently link private and public markets. This kind of incentive would encourage IPOs, promote a well-diversified ecosystem for growing companies, and strengthen capital formation through public markets.

II. Targeted regulatory improvements

As outlined above, this chapter contains measures that could be part of a "Listing Requirements Omnibus". It is organised along the lines of relevant EU legislation.

1. EU Transparency Directive

Any upcoming review of the Transparency Directive should identify outdated or overly burdensome obligations. We believe that, in particular, the following obligations should be targeted:

- **iXBRL Tagging:** The requirement to publish financial reports in the European Single Electronic Format (ESEF) imposes significant costs on issuers while providing no benefit. Advances in artificial intelligence, including large language models, now allow all raw reports, including sustainability reports, to be analysed efficiently, reducing the marginal value of iXBRL tagging and calling into question its continued justification. The deletion of the obligation would significantly reduce costs and risks for issuers and free resources. At least in some countries, the iXBRL tagging obligation has also created dependence on a small number of specialised non-European providers, also raising concerns regarding digital sovereignty.

- **Major Holdings Notification Procedures:** Major holdings notification procedures could be harmonised so that the person holding the securities notifies the competent authority, which then publishes the notification, informs the issuer, and forwards it to OAMs/ESAP for filing. Issuers should not be required to notify the market or authorities directly. Some Member States already provide such a system (e.g. France, Italy, the Netherlands, Spain, and Sweden), with the competent authority making the notification public. This could serve as a model for a harmonised EU-wide system, avoiding additional compliance steps and risks, as well as potential supervisory sanctions for issuers.

2. EU Market Abuse Regulation

The Market Abuse Regulation (MAR) is essential for maintaining market integrity, but several obligations could be simplified without undermining its objectives. The EU Listing Act, though generally beneficial, has not resolved several important problems that still need to be addressed because they cause unnecessary compliance costs or transaction risks for issuers or bear the risk of misleading market information.

- **No-Comment Policy on Market Rumours:** Issuers should be allowed to adopt a "no comment" approach with respect to market rumours. Currently, concerns about potential disclosure obligations may lead to forced communications. Clarifying that issuers may refrain from commenting on market rumours would protect them from abusive rumour spreading and subsequent inadvertent disclosures and reduce the risk of interference with M&A or other sensitive transactions.

- **Managers' Transactions:** Certain types of transactions should be excluded from notification requirements because they do not create a market signal. Gifts, donations, and inheritances should not trigger reporting obligations for this reason. Moreover, shares automatically allocated to PDMRs as part of remuneration packages should require notification only upon sale, when a market signal is actually generated, but not upon automated and pre-determined allocation. These clarifications would improve proportionality and market transparency.

- **Lists of Closely Associated Persons:** Remove the obligation to maintain and update the list of closely associated persons, as it entails disproportionate costs and raises data protection concerns.

- **De Minimis Reporting Threshold:** The current de minimis threshold for managers' transactions should be reset after being reached, preventing multiple notifications for minor transactions. This would reduce administrative burdens and better align reporting with material transactions.

- **Market Soundings and Private Placements:** Exemptions for private placements of bonds should be extended to equity placements and should include professional investors and investors acquiring securities for a total consideration of at least €100,000, in line with the EU Crowdfunding Regulation. Simplified procedures for market soundings for SMEs, including standardised scripts and reduced record-keeping, would further reduce compliance costs and support market participation by smaller issuers.

- **Bond-Specific Proportionality:** MAR obligations for bond-only issuers should be adapted to reflect the stability and characteristics of debt markets. Disclosure should focus on information directly affecting an issuer's ability to meet bond payment obligations, rather than equity-style disclosures.

- **Share Buyback Proportionality:** The trading restrictions applicable under the share buyback safe harbour, and particularly the volume limitations, are impossible to apply for issuers with small market capitalisations and/or issuers whose shares are admitted to trading on illiquid markets. Such issuers are therefore precluded from enjoying the benefits of the safe harbour, thereby undermining the policy objective of facilitating legitimate share repurchases. A more proportionate approach would therefore be appropriate, with the relevant restrictions calibrated by reference to objective factors such as the issuer's market capitalisation and the liquidity profile of the market on which its shares are traded, rather than applying a uniform standard across fundamentally different market contexts.

- **Sharing Inside Information in the Course of Negotiations:** The current framework for selective disclosure of inside information under MAR, as set out in Articles 10 and 11, can in practice prove overly restrictive. In particular, issuers may enter negotiations in respect of strategic transactions where the selective disclosure of inside information to a counterparty is necessary for those negotiations to progress. Where such discussions do not fall within the scope of the market sounding regime, and given the narrow interpretation of disclosures made in the normal exercise of an employment, profession, or duties, issuers may be left without a clear legal basis to share inside information even under appropriate confidentiality arrangements. Consideration could therefore be given to introducing a more proportionate and flexible framework, whether through clarification of Article 10 or an expansion or adaptation of Article 11, to accommodate a broader range of legitimate negotiation scenarios while maintaining appropriate safeguards against market abuse, such as trading prohibitions and detailed record-keeping obligations.

- **Sharing Inside Information Within a Company Group:** Greater clarity on the sharing of inside information within corporate groups would be welcome, as approaches currently differ across Member States.

- **Sanctions:** Breaches of technical obligations under MAR should be addressed with proportionate sanctions. Legislators should set both an absolute maximum and a company-size-adjusted threshold, with only the lower of the two being applied. This would ensure that compliance remains meaningful without discouraging companies from going public or participating in EU capital markets.

3. EU Prospectus Regulation and Listing framework

The prospectus regime remains a key component of the EU listing framework, but further improvements are necessary to ensure that it supports rather than discourages access to public markets.

- **Scope of the Regime:** Certain transactions, such as securities issued in connection with take-over bids by way of exchange offers or in connection with mergers and divisions, should be excluded from the scope of the Prospectus Regulation. These transactions already fall under specific EU legal frameworks, and their inclusion within the Prospectus Regulation imposes duplicative obligations, creating unnecessary complexity for issuers. Clarifying the scope will reduce legal uncertainty and support efficient capital market operations. Currently, in the context of a takeover funded through a rights issue, the rights issue prospectus would likely require significant disclosures on the target. However, this obligation might prove impossible if the target's board of directors is not willing to provide the issuer with the relevant information, which might make the publication of the prospectus difficult.

- **Exemption from the Obligation to Publish a Prospectus:** In order to support the development of genuinely integrated EU capital markets, Article 3 should be streamlined by replacing the current dual-threshold exemption from the obligation to publish a prospectus with a single, harmonised exemption threshold applicable to all offers below a fixed amount (e.g. EUR 8 million), including cross-border offers.

  At the same time, Member States should be given discretion to apply higher exemption thresholds exclusively to offers made within their own jurisdictions (e.g. up to EUR 12 million), ensuring flexibility for domestic markets without undermining cross-border legal certainty.

- **Risk Factor Disclosure:** Current requirements for ranking and presenting risk factors, limited to a small number of categories, are burdensome and not aligned with international practices. Compared with US regulation, EU risk factors are harder to comply with, creating legal uncertainty. Simplification of the EU risk factor regime should therefore be prioritised to ensure competitiveness. In the context of the EU's efforts to reduce administrative burdens and streamline listing requirements, EuropeanIssuers draws the Commission's attention to recent innovative concepts discussed by the U.S. Securities and Exchange Commission (SEC) regarding the disclosure of risk factors. Exploring these developments could also provide useful insights for the European Commission when considering alternative approaches to enhance interoperability between EU and US capital markets.

- **Incorporation by Reference:** While incorporation by reference of documents published on an Officially Appointed Mechanism (OAM) is already permitted, practical issues arise due to the strict conditions attached to its use. Expanding and clarifying these provisions would allow issuers to reduce the length and complexity of their prospectuses.

- **Prospectus Summary:** Further simplification of the prospectus summary should be considered, including options to make it optional or reduce its content, to lessen administrative burdens while maintaining transparency for investors.

- **Language Flexibility:** Issuers should generally be allowed to use a language customary in the sphere of international finance, at the issuer's discretion, for any public offering documentation, including the prospectus summary, in line with Article 27(1) of the Prospectus Regulation under the Listing Act.

In addition to the abovementioned concrete, targeted solutions aimed at revising disproportionately burdensome regulatory requirements and addressing the structural imbalances that currently hinder listings and create incentives to delist, EuropeanIssuers would like to highlight that other regulations also have an impact on issuers. For example, we have identified that the recent revision of the AML framework has, in certain respects, worsened the situation for issuers due to a narrowing of the exemption under which issuers whose securities are admitted to trading on a regulated market were previously generally exempt from the obligation to maintain a register of beneficial owners.

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EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU Institutions. There are approximately 13,225 such companies on both the main regulated markets and the alternative exchange-regulated markets. Our members include both national associations and companies from all sectors in 14 European countries, covering markets worth €7.6 trillion market capitalisation with approximately 8,000 companies.

We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer term. We seek capital markets that serve the interests of their end-users, including issuers.

For more information, please visit www.europeanissuers.eu.