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THE EUROPEAN PARLIAMENT

THE COUNCIL

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Subject: DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Directive 2014/65/EU to make public capital markets in the
Union more attractive for companies and to facilitate access to capital for
small and medium-sized enterprises and repealing Directive 2001/34/EC

DIRECTIVE (EU) 2024/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

amending Directive 2014/65/EU
to make public capital markets in the Union more attractive for companies
and to facilitate access to capital for small and medium-sized enterprises
and repealing Directive 2001/34/EC

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50, 53(1) and 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Acting in accordance with the ordinary legislative procedure²,

¹ OJ C 184, 25.5.2023, p. 103.

² Position of the European Parliament of 24 April 2024 (not yet published in the Official Journal) and decision of the Council of

Whereas:

- (1) Directive 2014/65/EU of the European Parliament and of the Council³ has been amended by Regulation (EU) 2019/2115 of the European Parliament and of the Council⁴, which introduced proportionate alleviations to enhance the use of SME growth markets and to reduce excessive regulatory requirements for issuers seeking the admission of securities on SME growth markets, while preserving an appropriate level of investor protection and market integrity. However, to streamline the listing process and to render the regulatory treatment of companies more flexible and proportionate to their size, further amendments to Directive 2014/65/EU are necessary.
- (2) Directive 2014/65/EU and Commission Delegated Directive (EU) 2017/593⁵ set out the conditions under which the provision of investment research by third parties to investment firms providing portfolio management or other investment or ancillary services is not to be regarded as an inducement. In order to foster more investment research on companies in the Union, in particular small- and middle-capitalisation companies, and to bring those companies greater visibility and more prospects of attracting potential investors, it is necessary to introduce amendments to Directive 2014/65/EU.

³ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

⁴ Regulation (EU) 2019/2115 of the European Parliament and of the Council of 27 November 2019 amending Directive 2014/65/EU and Regulations (EU) No 596/2014 and (EU) 2017/1129 as regards the promotion of the use of SME growth markets (OJ L 320, 11.12.2019, p. 1).

⁵ Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (OJ L 87, 31.3.2017, p. 500).

- (3) The provisions concerning research laid down in Directive 2014/65/EU require investment firms to separate payments which they receive as brokerage commissions from the compensation they receive for providing investment research ('research unbundling rules'), or to pay for investment research from their own resources and assess the quality of the research they purchase based on robust quality criteria and on the ability of such research to contribute to better investment decisions. In 2021, those rules were amended by Directive (EU) 2021/338 of the European Parliament and of the Council⁶ to allow for bundled payments for execution services and research for issuers whose market capitalisation for the period of 36 months preceding the provision of the research did not exceed EUR 1 billion. The decline of investment research has, however, not slowed.
- (4) In order to revitalise the market for investment research and to ensure sufficient research coverage of companies, in particular for small- and middle-capitalisation companies, the research unbundling rules need to be further adjusted to offer investment firms more flexibility in the way that they choose to organise payments for execution services and research, thus limiting the situations where separate payments might be too cumbersome. Accordingly, the market capitalisation threshold for companies for which the re-bundling of payments for execution services and research is possible should be removed to allow investment firms to proceed in the way they find most appropriate in terms of payments for execution services and research.

⁶ Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis (OJ L 68, 26.2.2021, p. 14).

Doing so would, however, require transparency vis-à-vis clients as to the choice of payment method. Investment firms should therefore inform their clients whether they apply a separate or joint payment method for the provision of execution services and third-party research. The choice of an investment firm as to whether to apply separate or joint payments for execution services and research should be made in compliance with the investment firm's policy. That policy should be provided to clients and should indicate, depending on the method of payment selected by the firm, the type of information on costs attributable to third-party research. In the case of joint payments for execution services and research, clients should be entitled to receive, upon request and on an annual basis, information on the total costs attributable to third-party research provided to the investment firm, if known to the firm. The investment firm's policy on separate or joint payments should also include information on the measures in place to prevent or manage the conflicts of interest arising from the use or delivery of third-party research to clients while providing investment services to those clients. Regardless of the selected payment method, the investment firm should also perform an assessment of the quality, usability and value of the research it uses to ensure that such research contributes to enhancing the investment decision process of the firm's clients, where that research is distributed directly to them or where used by the portfolio management services of the firm. Sales and trading commentary comprises analyses of market conditions, trading and trade execution ideas, trade execution management tools and other bespoke analyses related to executing a trade in financial instruments. Such sales and trading commentary is incidental to the execution of transactions in financial instruments as it allows investment firms offering execution services to demonstrate the quality of the execution they achieve for their clients. Therefore, sales and trading commentary cannot be separated from execution services and should not be considered investment research.

- (5) The adjustment of unbundling rules alone will not suffice to revitalise the market for investment research and address the longstanding shortage of research coverage of small- and middle-capitalisation companies. Further measures should be introduced to improve the research coverage of small- and middle-capitalisation companies.

Putting in place organisational arrangements ensuring that issuer-sponsored research is produced in compliance with an EU code of conduct for issuer-sponsored research should enhance the trust in, and use of, such research. That EU code of conduct should be established on the basis of regulatory technical standards to be developed by the European Supervisory Authority (European Securities and Markets Authority) (ESMA) established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁷.

Another measure to improve the research coverage of small- and middle-capitalisation companies should be to allow issuers paying for issuer-sponsored research to make such research more visible to the public by giving issuers the possibility of submitting such research to the relevant collection body as defined in Article 2, point (2) of Regulation (EU) 2023/2859 of the European Parliament and of the Council⁸, subject to it being accompanied by the necessary metadata. Such measures should not prevent Member States or ESMA from considering and assessing additional measures based on public or private initiatives, such as the establishment of dedicated research marketplaces, drawing inspiration from successful initiatives launched in recent years across several financial centres, to revitalise research coverage of small- and middle-capitalisation companies and increase their visibility.

⁷ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

⁸ Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L, 2023/2859, 20.12.2023, ELI: <http://data.europa.eu/eli/reg/2023/2859/oj>).

- (6) In order to reinforce the recognition of issuer-sponsored research prepared in compliance with the EU code of conduct for issuer-sponsored research and to avoid such research being confused with other forms of recommendation that do not comply with that EU code of conduct, only issuer-sponsored research prepared in compliance with the EU code of conduct for issuer-sponsored research should be authorised to be labelled as such. Recommendations of the type covered by Article 3(1), point (35), of Regulation (EU) No 596/2014⁹ that do not meet the conditions required for issuer-sponsored research should be treated as marketing communications for the purposes of Directive 2014/65/EU and identified as such.
- (7) In order to ensure that issuer-sponsored research, labelled as such, is produced in compliance with the EU code of conduct for issuer-sponsored research, competent authorities should be given supervisory powers to verify that investment firms that produce or distribute such research have in place organisational arrangements to ensure such compliance. Where those firms do not comply with that EU code of conduct, the competent authorities should be empowered to suspend the distribution of such research and to warn the public that despite its label, the issuer-sponsored research was not produced in compliance with the EU code of conduct for issuer-sponsored research. Those supervisory powers should be without prejudice to the general supervisory powers and to the power to adopt sanctions.

⁹ Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1).

- (8) Directive 2014/65/EU introduced the SME growth market category to increase the visibility and profile of markets specialised in the trading of SME securities and to foster the development of common regulatory standards in the Union of markets specialised in SMEs. SME growth markets play a key function in facilitating access to capital for smaller issuers by catering for their needs. To foster the development of such specialised markets and to limit the organisational burden on investment firms or market operators operating multilateral trading facilities (MTFs), it is necessary to allow the segment of an MTF to apply to become an SME growth market provided that such segment is clearly separated from the rest of the MTF.
- (9) To reduce the risk of fragmentation of the liquidity of SME shares, and given the lower liquidity of those instruments, Article 33(7) of Directive 2014/65/EU requires that a financial instrument that is admitted to trading on one SME growth market may also be traded on another SME growth market only where the issuer of the financial instrument has been informed and has not objected. However, that Article currently does not provide the corresponding requirement for non-objection by the issuer where the second trading venue is a type of trading venue other than an SME growth market. Accordingly, the requirement to obtain the issuer's non-objection regarding the admission to trading on one SME growth market of its instruments already admitted to trading on another SME growth market should be extended to any other type of trading venue, in order to further reduce the risk of fragmentation of the liquidity of those instruments. If a financial instrument admitted to trading on an SME growth market is also traded on another type of trading venue, the issuer should comply with any obligation relating to corporate governance, or initial, ongoing or ad hoc disclosure, with regard to that other trading venue.

- (10) Directive 2001/34/EC of the European Parliament and of the Council¹⁰ lays down rules concerning listing on Union markets. That Directive aims to coordinate the rules on the admission of securities to official stock exchange listing and on the information to be published on those securities to provide equivalent protection for investors at Union level. That Directive also lays down the rules of the regulatory and supervisory framework for Union primary markets. Directive 2001/34/EC has been amended significantly several times. Directives 2003/71/EC¹¹ and 2004/109/EC¹² of the European Parliament and of the Council have replaced most of the provisions harmonising the conditions for the provision of information regarding requests for the admission of securities to official stock exchange listing and the information on securities admitted to trading, and have made large parts of Directive 2001/34/EC redundant. In light of those changes, and the fact that Directive 2001/34/EC as a minimum harmonisation directive gives Member States a rather broad discretion to deviate from the rules laid down therein, Directive 2001/34/EC should be repealed to achieve a single rulebook at Union level.

¹⁰ Directive 2001/34/EC of the European Parliament and of the Council of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities (OJ L 184, 6.7.2001, p. 1).

¹¹ Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (OJ L 345, 31.12.2003, p. 64).

¹² Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

- (11) Directive 2014/65/EU, like Directive 2001/34/EC, provides for the regulation of markets in financial instruments and strengthens investor protection in the Union. Directive 2014/65/EU also sets out rules on the admission of financial instruments to trading. Extending the scope of Directive 2014/65/EU to cover specific provisions of Directive 2001/34/EC will ensure that all relevant provisions from Directive 2001/34/EC are maintained. A number of provisions of Directive 2001/34/EC, including the requirements on free float and market capitalisation which still apply, are enforced by competent authorities and are considered important rules for seeking the admission to trading of shares on regulated markets in the Union by market participants. It is therefore necessary to transfer those rules to Directive 2014/65/EU in order to set out, in a new provision of that Directive, specific minimum conditions for the admission to trading of shares on regulated markets. The application of that new provision should complement the general provisions on the admission of financial instrument to trading laid down in Directive 2014/65/EU.

- (12) The level of minimum free float of 25 % required by Directive 2001/34/EC is considered excessive and no longer appropriate. To allow for more flexibility for issuers and to make Union capital markets more competitive, the minimum free float requirement should be decreased to 10 %, which is a threshold that ensures a sufficient level of liquidity in the market. However, to better take into account the characteristics and sizes of issuances of shares, Member States should be able to allow for alternative ways to measure whether a sufficient number of shares have been distributed to the public. Compliance with the 10 % threshold, or with the alternative requirements provided at national level for ensuring a minimum free float, should be assessed at the time of admission to trading. The free float requirement laid down in Directive 2001/34/EC that a sufficient number of shares are to be distributed to the public in one or more Member States should not be maintained as Directive 2014/65/EU does not provide for such geographical restriction for financial instruments admitted to trading.

Certain requirements set out in Directive 2001/34/EC are either already covered by provisions laid down in other Union legislative acts in force, or else have become obsolete. Accordingly, those requirements should not be transferred to Directive 2014/65/EU. For instance, the requirement for a company to publish or file its annual accounts for a specific period is already included in Regulation (EU) 2017/1129 of the European Parliament and of the Council¹³. Similarly, Directive 2014/65/EU already lays down provisions to designate competent authorities. Furthermore, the requirement for the minimum amount of the loan for debt securities no longer reflects market practice. Therefore, those provisions should not be transferred to Directive 2014/65/EU.

¹³ Regulation (EU) 2017/1129 of the European Parliament and of 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 (OJ L 168, 30.6.2017, p. 12).

- (13) The concept of admission of securities to official listing on stock exchanges provided for in Directive 2001/34/EC is no longer the prevailing one, given market developments, as Directive 2014/65/EU already provides for the concept of ‘admission of financial instruments to trading on a regulated market’. While the concepts ‘admission to official listing’ and ‘admission to trading on a regulated market’ are used interchangeably in some Member States, in other Member States the concept of ‘admission to official listing’ continues to play an important role alongside the concept of ‘admission to trading on a regulated market’, in particular by providing an alternative to issuers of securities, notably debt securities, who seek increased visibility but for whom admission to trading is not a relevant or viable option. The repeal of Directive 2001/34/EC should be without prejudice to the validity and continuation of the regimes of admission to official listing on stock exchanges in those Member States who would like to continue to apply that regime. In any case, Member States should retain the ability to provide for and regulate such regimes under national legislation.¹⁴

¹⁴ Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive) (OJ L 173, 12.6.2014, p. 179).

- (14) In order to enhance the visibility of listed companies, in particular small- and middle-capitalisation companies, and to adapt the listing conditions to improve requirements for issuers, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending Directive 2014/65/EU. The adoption of the listing rules in the Union should also reflect market practice for it to be effective and promote competition. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹⁵. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (15) Since the objectives of this Directive, namely to ease Union small- and middle-capitalisation companies' access to capital markets and increase the coherence of Union listing rules, cannot be sufficiently achieved by the Member States but can rather, by reason of the improvements and effects sought, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.

¹⁵ OJ L 123, 12.5.2016, p. 1.

(16) Directive 2014/65/EU should therefore be amended accordingly,

HAVE ADOPTED THIS DIRECTIVE:

Article 1
Amendments to Directive 2014/65/EU

Directive 2014/65/EU is amended as follows:

(1) in Article 4(1), point (12) is replaced by the following:

‘(12) “SME growth market” means an MTF, or a segment of an MTF, that is registered as an SME growth market in accordance with Article 33;”;

(2) Article 24 is amended as follows:

(a) the following paragraphs are inserted:

‘3a. Research produced by investment firms or by third parties and used by, or distributed to, investment firms, their clients or potential clients, shall be fair, clear and not misleading. Research shall be clearly identifiable as such or in similar terms, provided that all conditions laid down in Commission Delegated Regulation (EU) 2017/565* applicable to the research are met.

3b. Investment firms providing portfolio management or other investment services or ancillary services shall ensure that the research they distribute to clients or potential clients which is paid for, in full or in part, by an issuer shall be labelled as ‘issuer-sponsored research’ only if it is produced in compliance with the EU code of conduct for issuer-sponsored research referred to in paragraph 3c.

- 3c. ESMA shall develop draft regulatory technical standards to establish an EU code of conduct for issuer-sponsored research. That code of conduct shall set out standards of independence and objectivity, and specify procedures and measures for the effective identification, prevention and disclosure of conflicts of interest.

In developing the regulatory technical standards on the EU code of conduct for issuer-sponsored research, ESMA shall take into account the content and parameters of codes of conduct for issuer-sponsored research which have been established at national level prior to the date of application of the regulatory technical standards, especially where such codes have been widely endorsed and adhered to. ESMA shall also, where applicable, take into account the relevant obligations and standards on investment recommendations set out in Article 20 of Regulation (EU) No 596/2014.

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

Power is delegated to the Commission to supplement this Directive by adopting the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

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

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

Member States shall provide that investment firms that produce or distribute issuer-sponsored research have in place organisational arrangements to ensure that such research is produced in compliance with the EU code of conduct for issuer-sponsored research and complies with paragraphs 3a, 3b and 3e.

- 3d. Member States shall ensure that any issuer may submit its issuer-sponsored research, as referred to in paragraph 3b of this Article, to the relevant collection body as defined in Article 2, point (2), of Regulation (EU) 2023/2859 of the European Parliament and of the Council**.

When submitting that research to the collection body, the issuer shall ensure that it is accompanied by metadata specifying that the information complies with the EU code of conduct for issuer-sponsored research. Such research shall not be considered to be regulated information within the meaning of Directive 2004/109/EC nor investment research within the meaning of this Directive and shall therefore not be subject to the same level of regulatory scrutiny as regulated information or investment research.

- 3e. Research that is labelled as ‘issuer-sponsored research’ shall indicate on its front page in a clear and prominent way that it has been prepared in accordance with the EU code of conduct for issuer-sponsored research. Any other research material paid, in full or in part by the issuer but not prepared in compliance with that EU code of conduct for issuer-sponsored research shall be labelled as a marketing communication.

* Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017, p. 1).

** Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OL L, 2023/2859, 20.12.2023, ELI: <http://data.europa.eu/eli/reg/2023/2859/oj>).’;

(b) paragraph 9a is amended as follows:

(i) the first subparagraph is replaced by the following:

‘The provision of research by third parties to an investment firm providing portfolio management or other investment or ancillary services to clients shall be regarded as fulfilling the obligations under paragraph 1 if:

- (a) an agreement has been entered into between the investment firm and the third-party provider of execution services and research establishing a methodology for remuneration, including how the total cost of research is generally taken into account when establishing the total charges for investment services;
- (b) the investment firm informs its clients of its choice to pay either jointly or separately for execution services and research and makes available to them its policy on payments for execution services and research, including the type of information that can be provided depending on the firm’s choice of payment method and, where relevant, how the investment firm prevents or manages conflicts of interest pursuant to Article 23 when applying a joint payment method for execution services and research;

- (c) the investment firm assesses on an annual basis the quality, usability and value of the research used, as well as the ability of the research used to contribute to better investment decisions; ESMA may develop guidelines for investment firms for the purpose of conducting those assessments;
- (d) where the investment firm chooses to pay separately for execution services and third-party research, the provision of research by third parties to the investment firm is received in return for either of the following:
 - (i) direct payments by the investment firm out of its own resources;
 - (ii) payments from a separate research payment account controlled by the investment firm.’;
- (ii) the following subparagraphs are added:

‘For the purpose of this Article, trading commentary and other bespoke trade advisory services intrinsically linked to the execution of a transaction in financial instruments shall not be considered to be research.

Where an investment firm receives research from a research provider who is not engaged in execution services and is not part of a financial services group that includes an investment firm that offers execution or brokerage services, the provision of such research to the investment firm is regarded as fulfilling the obligations under paragraph 1. In such cases, the investment firm shall comply with the requirement under the first subparagraph, point (c), of this paragraph.

Where known to them, investment firms shall keep a record of the total costs attributable to third-party research provided to them. Upon request, such information shall be made available on an annual basis to the investment firm's clients.

By ... [4 years from the date of entry into force of this amending Directive], ESMA shall prepare a report with a comprehensive assessment of market developments regarding research within the meaning of this Article. That assessment shall incorporate at least the research coverage of listed firms, the evolution of the costs and quality of that research, the impact of joint payments on execution quality, the share of separate and joint payments made by investment firms to third party providers for execution services and research, and the level of fulfilment of the demand for research by investors and other buyers.

Based on that report, the Commission may, if appropriate, submit to the European Parliament and to the Council a legislative proposal concerning changes to the rules laid down in this Directive regarding research.’;

(3) Article 33 is amended as follows:

(a) paragraphs 1 and 2 are replaced by the following:

- ‘1. Member States shall provide that the operator of an MTF may apply to its home competent authority to have the MTF, or a segment thereof, registered as an SME growth market.
2. Member States shall provide that the home competent authority may register the MTF, or a segment thereof, as an SME growth market if the competent authority receives an application as referred to in paragraph 1 and is satisfied that the conditions set out in paragraph 3 are complied with in relation to the MTF, or that the conditions in paragraph 3a are complied with in relation to a segment of the MTF.’;

(b) the following paragraph is inserted:

‘3a. Member States shall ensure that the relevant segment of the MTF is subject to effective rules, systems and procedures which ensure that the conditions set out in paragraph 3 and all of the following conditions have been complied with:

- (a) the segment of the MTF registered as ‘SME growth market’ is clearly separated from the other market segments operated by the investment firm or market operator operating the MTF, which is inter alia indicated by a different name, different rulebook, different marketing strategy, and different publicity, as well as a specific allocation of the market identification code to the segment registered as SME growth market segment;
- (b) the transactions made on the SME growth market segment concerned are clearly distinguished from other market activity within the other segments of the MTF;
- (c) upon the request of the competent authority of the home Member State of the MTF, the MTF shall provide a comprehensive list of the instruments listed on the SME growth market segment concerned, as well as any information on the operation of the SME growth market segment that the competent authority may request.’;

- (c) paragraphs 4 to 8 are replaced by the following:
- ‘4. Compliance by the investment firm or market operator operating the MTF, or a segment thereof, with the conditions laid down in paragraphs 3 and 3a is without prejudice to compliance by that investment firm or market operator with other obligations under this Directive relevant to the operation of MTFs. Without prejudice to paragraph 7, the investment firm or market operator operating the MTF, or a segment thereof, may impose additional conditions.
 5. Member States shall provide that the competent authority of the home Member State of an MTF may deregister an MTF, or a segment thereof, as an SME growth market in any of the following cases:
 - (a) the investment firm or market operator operating the MTF, or a segment thereof, applies for its deregistration;
 - (b) the conditions in paragraph 3 or 3a are no longer complied with in relation to the MTF, or a segment thereof.
 6. Member States shall require that if a competent authority of the home Member State of an MTF registers or deregisters an MTF, or a segment thereof, as an SME growth market under this Article, that authority shall as soon as possible notify ESMA of that registration or deregistration. ESMA shall publish on its website a list of SME growth markets and shall keep that list up to date.

7. Member States shall require that where a financial instrument of an issuer is admitted to trading on one SME growth market, that financial instrument may also be traded on another trading venue only where the issuer has been informed and has not objected. Where the other trading venue is another SME growth market or a segment of an SME growth market, the issuer shall not be subject to any obligation relating to corporate governance, or initial, ongoing or ad hoc disclosure, with regard to that other SME growth market. Where the other trading venue is not an SME growth market, the issuer shall be informed of any obligation to which the issuer will be subject that relates to corporate governance, or initial, ongoing or ad hoc disclosure, with regard to the other trading venue. ESMA shall develop guidelines by ... [18 months from the date of entry into force of this amending Directive] with respect to the procedures for informing issuers and to the process for lodging objections, as well as the relevant timelines.
8. The Commission is empowered to adopt delegated acts in accordance with Article 89 to supplement this Directive by further specifying the conditions laid down in paragraphs 3 and 3a of this Article. Those conditions shall take into account the need to maintain high levels of investor protection in order to promote investor confidence in those markets, while minimising the administrative burdens for issuers on the market. They shall also take into account that deregistrations are not to occur nor are registrations to be refused merely because of a temporary failure to comply with the condition laid down in paragraph 3, point (a), of this Article.’;

(4) the following article is inserted:

‘Article 51a

Specific conditions for the admission of shares to trading

1. Member States shall ensure that regulated markets require that the foreseeable market capitalisation of the company for whose shares admission to trading is sought, or if that cannot be assessed, that company’s capital and reserves, including profit and loss, from the last financial year, shall be at least EUR 1 000 000 or an equivalent amount in a national currency other than the euro.
2. Paragraph 1 shall not apply to the admission to trading of shares fungible with shares already admitted to trading.
3. Where, as a result of an adjustment of the equivalent amount in a national currency other than the euro, the market capitalisation expressed in the national currency remains for a period of one year at least 10 % more, or at least 10 % less, than EUR 1 000 000, the Member State shall, within the 12 months following the expiry of that period, adjust its laws, regulations or administrative provisions to comply with paragraph 1.
4. Member States shall ensure that regulated markets require that at least 10 % of the subscribed capital represented by the class of shares concerned by the application for admission to trading is held by the public at the time of admission to trading.

5. By way of derogation from paragraph 4, Member States may require that regulated markets establish, at the time of admission, at least one of the following requirements for an application for admission to trading of shares:
- (a) a sufficient number of shares is held by the public;
 - (b) the shares are held by a sufficient number of shareholders;
 - (c) the market value of the shares held by the public represents a sufficient level of subscribed capital in the class of shares concerned.
6. Where admission to trading is sought for shares fungible with shares already admitted to trading, regulated markets shall assess, to fulfil the requirement laid down in paragraph 4, whether a sufficient number of shares has been distributed to the public in relation to all shares issued and not only in relation to the shares fungible with shares already admitted to trading.
7. The Commission is empowered to adopt delegated acts in accordance with Article 89 to amend this Directive by modifying the thresholds referred to in paragraphs 1 and 3 of this Article or the threshold referred to in paragraph 4 of this Article, or all of them, when the applicable thresholds impede liquidity on public markets taking into account financial developments.’;

(5) in Article 69(2), first subparagraph, the following points are added:

- ‘(v) take all necessary measures to verify that investment firms have in place organisational arrangements to ensure that the issuer-sponsored research that they produce or distribute complies with the EU code of conduct for issuer-sponsored research;
- (w) suspend the distribution by investment firms of any issuer-sponsored research not produced in compliance with the EU code of conduct for issuer-sponsored research;
- (x) where a research labelled as “issuer-sponsored research” and distributed by an investment firm, is not produced in compliance with the EU code of conduct for issuer-sponsored research, issue warnings to inform the public that that research is not produced in compliance with the EU code of conduct for issuer-sponsored research.’;

(6) Article 89 is amended as follows:

(a) paragraphs 2 and 3 are replaced by the following:

- ‘2. The delegation of power referred to in Article 2(3) and (4), Article 4(1), point (2), second subparagraph, Article 4(2), Article 13(1), Article 16(12), Article 23(4), Article 24(13), Article 25(8), Article 27(9), Article 28(3), Article 30(5), Article 31(4), Article 32(4), Article 33(8), Article 51a(7), Article 52(4), Article 54(4), Article 58(6), Article 64(7), Article 65(7) and Article 79(8) shall be conferred on the Commission for an indeterminate period of time.
3. The delegation of power referred to in Article 2(3) and (4), Article 4(1), point (2), second subparagraph, Article 4(2), Article 13(1), Article 16(12), Article 23(4), Article 24(13), Article 25(8), Article 27(9), Article 28(3), Article 30(5), Article 31(4), Article 32(4), Article 33(8), Article 51a(7), Article 52(4) Article 54(4), Article 58(6), Article 64(7), Article 65(7) and Article 79(8) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.’;

(b) paragraph 5 is replaced by the following:

‘5. A delegated act adopted pursuant to Article 2(3) or (4), Article 4(1), point (2), second subparagraph, Article 4(2), Article 13(1), Article 16(12), Article 23(4), Article 24(13), Article 25(8), Article 27(9), Article 28(3), Article 30(5), Article 31(4), Article 32(4), Article 33(8), Article 51a(7), Article 52(4), Article 54(4), Article 58(6), Article 64(7), Article 65(7) or Article 79(8) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.’;

(7) in Article 90, the following paragraph is added:

‘6. By ... [four years from the date of entry into force of this amending Directive], the Commission shall review and assess the impact of the provision on non-objection in Article 33(7) on competition among trading venues, in particular SME growth markets, and its impact on access to capital for SMEs.’.

Article 2
Repeal of Directive 2001/34/EC

Directive 2001/34/EC is repealed with effect from ... [24 months from the date of entry into force of this amending Directive].

Article 3
Transposition and application

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by ... [18 months from the date of entry into force of this amending Directive]. They shall immediately communicate the text of those measures to the Commission.

They shall apply those provisions from ... [18 months plus 1 day from the date of entry into force of this amending Directive].

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. They shall also include a statement that references in existing laws, regulations and administrative provisions to the Directive repealed by this Directive shall be construed as references to this Directive. Member States shall determine how such reference is to be made and how that statement is to be formulated.

2. Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.

Article 4

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 5

Addressees

This Directive is addressed to the Member States.

Done at ...,

For the European Parliament

The President

For the Council

The President
