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DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL  
MARKETS UNION

FINANCIAL MARKETS  
**Capital markets Union**

**PUBLIC CONSULTATION – FEEDBACK STATEMENT**

**BUILDING A PROPORTIONATE REGULATORY ENVIRONMENT TO SUPPORT  
SME LISTING**

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## 1 INTRODUCTION

On 18 December 2017 the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) of the European Commission launched a public consultation on “building a proportionate regulatory environment to support SME listing”. The initiative is one of the priority actions under the 2017 Capital Markets Union Mid-term review<sup>1</sup> and focuses on capital-raising by small and medium sized companies (SMEs) on public markets in order to further ease companies' growth and scaling up.

The Commission notably committed to assessing whether targeted amendments to certain European provisions could deliver a regulatory environment more conducive to SME listing. Although listing on a regulated market is more suitable to large firms, smaller companies can list their shares and bonds on so-called junior or growth markets. These markets are important precisely as they make the link between private equity financing and the main public markets. Over the past decade, however, most of these junior markets in Europe have been struggling. The public consultation aimed to identify how the 'SME Growth Market' concept, created by the Markets in Financial Instruments Directive II<sup>2</sup> (MiFID II), can be further improved in order to enhance its prospects of success. An 'SME Growth Market' is currently defined as a Multilateral Trading Facility<sup>3</sup> (MTF), where at least 50% of the issuers whose financial instruments are traded on the MTF are SMEs<sup>4</sup>.

The consultation document contained two separate sections. The first one aimed to capture views on the main challenges currently faced by SME-dedicated markets and identify the main drivers behind the downward trend of SME IPOs and bond issuances. The second section was divided into three sub-sections, each narrowly framed around a number of well-defined issues. In particular, the first sub-section identified provisions that could be changed in order to encourage SME-dedicated MTFs to seek a registration as 'SME Growth Markets'. The second subsection examined provisions that could potentially be modified in order to alleviate the administrative burden placed on SMEs issuing debt or equity. The last one explored whether certain regulatory barriers put local ecosystems surrounding junior markets under stress.

Respondents were invited to provide concise and operational suggestions on a list of possible measures, as well as propose complementary actions to deliver on the policy goals. The consultation has helped the Commission identify ways to cut red tape and build a supportive environment for SMEs wanting to list their shares or bonds on SME Growth Markets, without jeopardising investor protection and market integrity.

The consultation was closed on 26 February 2018. DG FISMA received 71 responses, sent by stakeholders from 19 countries<sup>5</sup>. Contributions were made by a broad variety of stakeholder groups, including industry associations, investor representatives, companies, governmental and non-governmental organisations (NGOs) as well as national regulatory and supervisory authorities.

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<sup>1</sup> Communication from the Commission on the mid-term review of the capital markets union action plan ({SWD(2017) 224 final} and {SWD(2017) 225 final} – 8 June 2017)

<sup>2</sup> Directive (EU) No 2014/65 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments

<sup>3</sup> A Multilateral Trading Facility (MTF) is a trading venue where companies may list their financial instruments, with lower regulatory requirements than on the main regulated market

<sup>4</sup> MiFID II defines an SME as a company that 'had an average market capitalisation of less than EUR 200 million on the basis of end-year quotes for the previous three calendar years

<sup>5</sup> Replies came from 18 Member States (AT, BE, CZ, DE, DK, EE, EL, ES, FI, FR, HR, IE, IT, LV, NL, PL, SE, UK) and Norway.

## 2 OVERVIEW OF THE RESPONSES

This feedback statement summarises the answers received for each of the 32 questions of the public consultation. It does not aim to be exhaustive or provide detailed statistical data, but rather seeks to give a qualitative representation of the contributions received and identify some specific messages related to actions that can help build a more proportionate regulatory environment for SME listing. The overview of the responses provides particular insight into new perspectives on existing measures and new focus areas proposed by respondents.

The consultation has demonstrated that stakeholders widely support regulatory adjustments to facilitate better access to public capital markets for SMEs. In particular, they noted that the one-size-fits all approach under the Market Abuse Regulation<sup>6</sup> (MAR) places a disproportionate burden on smaller issuers. The latter, together with exchanges and intermediaries, generally called for targeted alleviations to lower administrative costs, in particular as regards managers' transactions, insider lists and disclosure of inside information. Member States also showed support for such actions, noting however that any adjustment made should avoid detrimental impacts on market integrity. Stakeholders showed similar support for the implementation of an alleviated 'transfer prospectus'.

Concerning the adjustment of definitions, stakeholders showed wide support for amending the definition of SME debt issuers<sup>7</sup>. The replies were less conclusive as regards the definition of equity SME Growth Markets. While many stakeholders showed support for raising the market capitalisation threshold, others noted that such action would be premature.

As regards the measures aimed at enhancing liquidity, market participants showed wide support for enabling liquidity contracts. Some National Competent Authorities (NCAs) were opposed to such changes, expressing concerns that this may give rise to manipulative pricing behaviours. Other NCAs however proved more confident, arguing that the framework could be calibrated to prevent manipulative behaviours, as has been done for currently existing Accepted Market Practices (AMPs). Concerning minimum free float requirements, respondents were equally split between those supporting and opposing such a measure.

Finally, it is worth noting that respondents did not provide quantitative evidence on costs and benefits, as requested by certain questions of the consultation.

### I. QUESTIONS ON CHALLENGES FACED BY PUBLIC MARKETS FOR SMES

#### **Question 1. Factors explaining the weakness of EU SME-dedicated markets**

A majority of the stakeholders who expressed an opinion considered all three suggested factors to be important in explaining the weakness of EU SME-dedicated markets. The most highly rated factor, considered important by an overwhelming majority of respondents, was the low number of companies coming to the public markets, followed by the lack of retail and institutional investors and the decline of local ecosystems.

When asked to explain their replies and describe their national markets, a significant number of stakeholders argued that costs entailed by the regulatory framework (notably MAR) acted as a strong deterrent to listing. It was explained that the current legislation on listed SMEs

<sup>6</sup> Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)

<sup>7</sup> As defined by Art. 77 of the Commission Delegated Regulation (EU) 2017/565

was not in line with the principle of proportionality. Several respondents perceived the existing regulation as difficult to interpret, and therefore difficult to comply with. In addition, many respondents highlighted that most SMEs rely heavily on bank financing and remain equity averse, notably by fear of losing control over their company.

Other additional factors were put forward by several stakeholders to explain the weakness of EU SME-dedicated markets, including the role of taxation and local regulations, as well as insufficient research coverage of SME assets.

### **Question 2. Factors explaining the low number of SMEs seeking an admission of shares or bonds to trading on EU public markets**

To account for the low number of SMEs seeking a listing on EU public markets, stakeholders most frequently listed the following factors as important (by order of importance): (i) high compliance costs due to regulatory constraints (especially for equity), (ii) availability of alternative sources of financing for SMEs, and (iii) lack of awareness of SMEs on the benefits of public markets for equity. A majority of respondents also agreed that the reluctance of SMEs' owners to relinquish a stake in the capital of their company played a role, although to a lesser extent. In comparison, the lack of preparation from companies' management as regards the implication of a listing was considered less important.

In their qualitative responses, stakeholders elaborated primarily on the following issues: (i) actual costs incurred during and after the Initial Public Offering (IPO), including the ones due to the administrative burden stemming from the current legislation; (ii) loss of privacy due to transparency and disclosure requirements; and (iii) loss of independence. A significant number of respondents considered the gap between the SME market price of the shares and the one expected by main shareholders to be one of the factors explaining the low number of SME IPOs. A few others found the lack of digital tools facilitating pre-IPO fund raising or supporting capital-raising for SMEs in the IPO stage to be a significant obstacle. It was also highlighted that medium enterprises tend to prefer private equity investments, strategic partnerships and merger and acquisition deals, while small companies often choose business angels or venture capital as a means of self-financing, possibly also because of the low number of investment banks willing to support their IPOs. Lastly, poor financial education and awareness of different financing tools was addressed as a problem by a small number of stakeholders. These explained that there were only a few programmes designed to help SMEs prepare and structure before their access to capital markets. They particularly mentioned the vital role of such programmes for the development of SME-dedicated markets and further emphasised the necessity to develop venture capital finance. Moreover, the unbundling of research and trading commissions under MiFID II was repeatedly mentioned as one of the causes behind the low number of SME listings across European junior markets.

### **Question 3. Factors inhibiting institutional and retail investments in SME shares and bonds**

The main factors mentioned by stakeholders were the lack of visibility of SMEs (for both bonds and equity) and the lack of liquidity of SME shares. In comparison, respondents were split concerning the lack of investor confidence in listed SMEs. Only considering respondents who expressed an opinion, a large majority did not believe that differences in accounting standards inhibited institutional or retail investment in SME shares and bonds.

Several other factors were considered relatively important to explain low levels of investment in SMEs listed on junior markets. Among others, a significant number of respondents mentioned the size of the companies going public, the scarcity of independent investment research, and the absence of an equity culture and lack of reliable periodical financial

information and reports. In addition, many stakeholders mentioned the absence of tax incentives, the rise of new investment techniques, and a preference for different low-risk instruments as key elements hindering investments in SME shares and bonds.

**Question 4. Decline of participants of the ecosystems surrounding local exchanges for SMEs**

Respondents most commonly observed a decline of the following ecosystem participants: (i) financial research providers, (ii) brokers, market-makers, liquidity suppliers, and (iii) boutiques specialised in SMEs. In contrast, a majority of those who expressed an opinion did not observe a decline among accountants, legal and tax advisers or credit rating agencies. Respondents were rather split about the situation of the investor base and investment banks.

In addition, several respondents raised the problem of declining media coverage of issues related to SME listings and junior markets, which does not help in attracting new issuers and investors to these markets.

**Question 5. Reasons behind the decline of the ecosystems surrounding the local exchanges**

Respondents were rather split as to the main reasons behind the decline of the ecosystems of specialised financial intermediaries surrounding local exchanges. A large majority of those who expressed an opinion believed that the declining ecosystems notably resulted from regulatory constraints on investment services providers specialised in SMEs. For equity, a majority of the responding stakeholders found the impact of the low levels of SME liquidity on brokers' business models, as well as low investors' appetite, to be important causes of the deteriorating ecosystems. On the other side, no clear consensus emerged when considering the situation SME bonds, as well as regarding the role played by the perceived lack of profitability of the SME segment overall.

When asked to provide evidence from their own jurisdictions, several participants further insisted on (i) the size of the market for SME related services, (ii) the lower levels of liquidity of smaller companies' shares, and (iii) certain recent regulatory changes (notably MiFID II). Moreover, some respondents mentioned the high cost of staff trainings required to meet regulatory standards, as well as the destabilising effect of an always-evolving legal framework.

## **II. QUESTIONS ON SPECIFIC REGULATORY BARRIERS**

### **A. Making a success of the 'SME Growth Market' concept**

#### **1) Definition of an SME Growth Market and SME Growth Market issuer (MiFID II – Articles 4 and 33)**

**Question 6. Criteria used to define an SME Growth Market**

Respondents were split on this question: almost the same proportion of respondents was in favour of modifying the criteria used to define an SME Growth Market as those who were against such a modification. Opinions diverged depending on the criterion considered, i.e.

either the market capitalisation or the 50% proportion of SMEs, as set by MiFID II provisions<sup>8</sup> (see questions 7 and 8 for more details).

### **Question 7. Market capitalisation threshold defining SMEs under MiFID II**

Respondents who expressed an opinion were split almost equally between on the one hand, keeping the market capitalisation threshold unchanged, and on the other, raising it to either EUR 500 million or EUR 1 billion. Only one stakeholder was in favour of decreasing this threshold, while a small minority expressed a different opinion, such as replacing this threshold with a different criterion.

More specifically, a (small) majority of securities exchanges and public authorities found the current criterion appropriate, while almost all issuer representatives were in favour of raising its threshold. Investor representatives were divided on the issue. Almost all respondents in favour of raising the threshold came from Western-European Member States with rather developed public markets (including UK, FR, DE, IT, SE, BE). Such respondents argued that increasing the market capitalisation was necessary to reflect the diversity of market situations across Europe and not hinder the further development of junior markets in Member States where they were already well-developed. Those who suggested setting the new threshold at EUR 500 million often invoked the need to be consistent with the EU Growth Prospectus. Respondents advocating for a EUR 1 billion threshold drew the parallel with the US JOBS ACT<sup>9</sup>. Among the responding NCAs, however, only one out of four was in favour of raising the threshold, while keeping a proportion of 50% of SMEs on such SME Growth Markets. In addition, three respondents mentioned the possibility of leaving a certain amount of flexibility, either by giving an option to Member States to raise this threshold, or by letting all Member States choose any market capitalisation criterion between the EUR 200 million-1 billion bracket.

On the opposite side, stakeholders in favour of keeping the market capitalisation threshold unchanged warned that raising it could pose risks of regulatory arbitrage. They also reminded that the EUR 200 million threshold was already high for the less developed SME-dedicated MTFs in smaller Member States, or in the ones in Central and Eastern Europe.

Few stakeholders suggested using different criteria, notably referring to the criteria set in the 2003 Commission Recommendation<sup>10</sup> (i.e. balance sheet, turnover and number of employees), but on the condition that the thresholds for these criteria would be raised.

### **Question 8. Proportion of SMEs on SME Growth Markets**

An overwhelming majority of stakeholders who expressed an opinion stated that the proportion of SMEs required for a market to qualify as an SME Growth Market should remain unchanged (i.e. at 50%). Several stated that this proportion should be raised between 51% and 74%, while only two believed it should be lowered below 50%.

The few respondents in favour of raising the SME proportion threshold above 50%, including four respondents representing exchanges, argued that ensuring a higher proportion of SMEs on SME Growth Markets would send a clear signal that SME Growth Markets are dedicated

<sup>8</sup> Under Article 33 of MiFID II, Member States shall ensure that at least 50% of the issuers whose financial instruments are admitted to trading on SME Growth Market are SMEs at the time when the MTF is registered as an SME Growth Market and in any calendar year thereafter.

<sup>9</sup> See the [SEC webpage](#) on the “Jumpstart Our Business Startups” (JOBS) Act

<sup>10</sup> Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC)

to small issuers. Similarly, they argued that it would limit the risks of regulatory arbitrage by larger companies. On the other hand, respondents against changing the proportion of SMEs argued that restricting larger companies' access to SME Growth Markets would not only reduce the number of companies listed on these markets overall, but also the profitability and liquidity of these markets.

## **2) Definition of an SME debt issuer for the purpose of an SME Growth Market (MiFID II – Article 4)**

### **Question 9. Criteria used to define an SME Growth Market debt-only issuer**

An overwhelming majority of the respondents who expressed an opinion were in favour of changing the SME debt-only issuer definition.

As noted by several stakeholders, MiFID II refers to the 2003 Recommendation SME definition to define debt-only SME Growth Market issuers. Respondents explained that this definition made it difficult for MTFs to register their debt markets as SME Growth Markets, as few issuers would be likely to meet the definition's criteria despite their small size. In order to facilitate the registration of SME bond markets, stakeholders suggested to base the criteria (i) either on the size of the bond issuance, which could be set at EUR 20, 30, 50, 100 or 150 million per year; or (ii) on the issuer's turnover and/or total balance sheet, which could be raised to EUR 100, 150, 200 or 500 million.

Certain stakeholders supported the introduction of a criterion based on the number of employees (i.e. less than 500). However, others explained that this would not enable to reflect the differences of SMEs' situations across industry sectors.

Few respondents were against changing the current criteria; most of these respondents represented trading venues from small Member States. One feared that changes could increase complexity and administrative burden. Another argued that the current criteria were already wide enough to include all SME bond issuance within their Member States.

Many respondents used this question also to highlight that fixed costs incurred for bond issuance represent a disproportionate burden compared to the average issue size.

## **3) Key adviser requirements**

### **Question 10. Minimum requirements and obligations of key advisers for firms listed on SME Growth Markets**

The majority of stakeholders across all sub-sectors were opposed to mandatory key advisers for issuers on SME Growth Markets and, in particular, for bond issuers on said markets. Equally, a majority of respondents argued against setting minimum requirements regarding the mission and obligations of key advisers on SME Growth Markets (for those exchanges that already have mandatory key advisers) at the European level.

While many responses highlighted the potential positive impacts that key advisers can have, it was noted that they entail substantial costs, which may deter smaller issuers from seeking a listing on SME Growth Markets. It was argued that issuers should keep the flexibility to decide whether or not to take advantage of such services (and whether to list on an exchange that already mandates key advisers). Similarly, several respondents stated that setting minimum requirements at the European level would prevent SME Growth Markets operators from calibrating their exchange rules concerning the use of key advisers to their local market



conditions. As such, key advisors might not bring about the positive impacts envisioned or, at least, not to their full potential.

Some stakeholders, in particular market operators that already mandate the use of key advisers, noted that key advisers are often a reason to explain why certain SME focused markets function well and supported the idea of imposing a key advisor obligation. However, even those stakeholders that argued in favour of the measure stressed that the specifications regarding the mission and obligations of such advisers should remain at the discretion of the market operator.

#### **4) Delisting rules on SME Growth Markets**

<b>Question 11. Minimum requirements at EU level for the delisting of SME Growth Market Issuers</b>
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Among those who stated their views, slightly more stakeholders saw merits in imposing minimum requirements for delisting at EU level compared to those who disagreed. Several stakeholders stated a neutral opinion.

Those stakeholders who argued in favour of such measures, including three public authorities, explained that harmonisation fosters efficient competition, by levelling the playing field, ensuring legal certainty on all MTFs, and incentivising investments in SME instruments (especially in a cross-border context). Some of them also claimed that in cases of voluntary cancellation, a shareholder approval should be required and market rules should provide protection by imposing a buy-out offer prior to any delisting.

On the other hand, those respondents who believed that the delisting requirements should remain at the sole discretion of market operators argued that it would be difficult to find a minimum common denominator in terms of the rules applicable to all EU countries. In addition, a few stakeholders also argued that delisting rules have never given rise to any substantial problems.

Finally, some respondents argued that even if the European legislator was to set rules on the subject, the details regarding thresholds and implementation should be developed and applied by individual market operators, so that they can tailor the requirements in a way that is appropriate to their markets and local conditions.

#### **5) Transfer of listings**

<b>Question 12. Harmonised rules at EU level on voluntary transfer of listing from a regulated market to an SME Growth Market</b>
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Respondents who provided their opinion were equally split between those supporting and those opposing the harmonisation of the transfer, while a small group of them remained neutral.

Opponents from different types of organisations, including the majority of stock exchanges, were typically referring to the general need to respect heterogeneous local market conditions, in one case also highlighting the difficulties of such harmonisation due to current differences. Some went further by questioning the need for such rules, claiming that there was a lack of demand (low number of such transfers), and hence of resulting benefit.

Supporters of harmonisation were often pointing out the need to avoid regulatory arbitrage while ensuring minimum standards of investor protection. “Down-listing” rules would

provide an opportunity for companies that are undercapitalised or that no longer comply with the requirements of the main market to remain listed. Several respondents claimed that harmonisation should focus only on the general principle providing that each market should have in place arrangements to facilitate voluntary transfer, or at most on certain specific criteria, while the precise details and implementation rules should be left to the market operators. Some supporters at the same time highlighted the need to preserve the integrity of dedicated junior markets. They argued that above a certain market capitalisation, it should not be possible for a company to benefit from lighter requirements. For these respondents the issue has a “two-way street” nature. Easier “up-listing” from SME Growth Markets to regulated markets for fast-growing companies is a prerequisite and should also be facilitated.

### **Question 13. Transfer of issuers from an SME Growth Market to a regulated market**

The large majority of the respondents who gave their opinion disagreed with requiring SME issuers to transfer from an SME Growth Market to a regulated market when their size exceeds certain thresholds. There was more support for incentivising measures, but the majority of those who responded did not support incentives either (they were against or neutral). Most of the respondents to the consultation supported the principle that the transfer of issuers from an SME Growth Market to a regulated market should always be left to the discretion of the issuers.

Numerous respondents argued that the transfer of an SME from a Growth Market to a regulated market would happen naturally, in particular in light of the issuer’s size, its commercial strategy, its need for reaching out to another type of investor base, and its readiness to handle the more demanding rules of a regulated market. As companies and local capital markets vary in terms of size and maturity, there should be maximum flexibility in determining when a company may choose to transfer from an SME Growth Market to a regulated market. Any new requirements, such as a mandatory threshold, would therefore be counter-productive, creating additional burdens on companies and ultimately making listing less attractive, with negative impacts also on their liquidity. The few respondents in favour of mandatory transfer thought that only SMEs should be entitled to the lighter regulatory regimes of SME Growth Markets. Growing companies overstaying in an SME Growth Market could undermine its integrity, or endanger its status (at least 50 % of the issuers must be SMEs).

Some of the opponents of mandatory measures saw incentivising measures as a compromise. Still, only around one third of those providing an answer were supportive of incentives. Examples of incentives mentioned were less rigid capitalisation criteria, or fee reductions. Nevertheless, a large number of opponents of mandatory or incentive measures believed that transfers of listing should be facilitated through appropriate regulatory measures to reduce red tape and additional costs for issuers. Several respondents supported transitional arrangements or exemptions from some of the requirements set for listing on a regulated market in case of transfers from SME Growth Markets, for example concerning the Transparency Directive, the corporate governance statement, the description of internal control, related party transactions, the risk management system and the Shareholders Rights Directive II<sup>11</sup>. Certain stock exchanges and industry associations mentioned that the Prospectus Regulation currently acted as a barrier deterring companies from easily moving from an SME Growth Market to a regulated market. They explained that the need to produce a full prospectus when transferring to a regulated market would result in unnecessary costs since SMEs already fulfilled extensive transparency obligations under MAR and MIFID II, and have proven themselves to

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<sup>11</sup> Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

be transparent and compliant. They proposed to replace the full prospectus by an “information document” or an “alleviated/proportionate prospectus” (if there is no public offering). One respondent, in particular, proposed to use the EU Growth Prospectus for issuers already listed on an SME Growth Market for a certain period when stepping up to a regulated market.

**B. Alleviating the administrative burden on SME Growth Market issuers**

**Question 14. Beneficiaries of regulatory alleviations**

An overwhelming majority (around 75%) of those who expressed their opinions believed that regulatory alleviations should apply to all SME Growth Markets issuers. Half of the respondents indicated that such alleviations should apply to only the SMEs listed on SME Growth Markets<sup>12</sup>. Only two supervisors and two trading venues claimed that no regulatory alleviations should be granted for any kind of firm.

Those who believed that regulatory alleviations should be extended to all companies listed on SME Growth Markets claimed that having different regimes applying to securities listed on the same markets would lead to high complexity, might confuse and discourage investors, endanger investor protection and create instability for SME Growth Markets, thereby reducing their attractiveness. They explained that all companies on an SME Growth Market should be subject to the same regulatory requirements (same market, same rules) and, thus, also companies exceeding the SME definition threshold should benefit from alleviations at least as long as they are listed on the SME Growth Market. They also explained that companies should never be penalised for growing on an SME Growth Market.

Those respondents (around one sixth of those with an opinion) who demanded that only SMEs on SME Growth Markets benefitted from regulatory alleviations stated that such proportionality should only benefit small entities, without further explaining their views.

Only two stock exchanges and two public authorities considered that no regulatory alleviations should be granted for any kind of firm. They regarded existing reporting obligations as not too burdensome for listed SMEs while they perceived transparency and prompt disclosure of information as crucial in ensuring market integrity, investor protection and a level-playing field.

**Question 15. Burden caused by EU regulation associated with equity and bond listings on SME dedicated markets**

On average, respondents considered the following provisions the most burdensome: i) insider lists, ii) justification of the delay in disclosing inside information, and iii) market soundings. Respondents on average were somewhat less critical as regards management's transactions and disclosure of inside information by non-equity issuers. Finally, a relatively smaller share of those who expressed an opinion considered half-yearly reports for SME Growth Market issuers burdensome.

Some stakeholders, including many market operators and a majority of issuer representatives, expressed concerns that duties resulting from the Market Abuse Regulation have become too detailed and are not in line with the principles of proportionality, especially with regard to management transactions, justification of the delay in disclosing inside information and

<sup>12</sup> Several respondents appear to have misunderstood the question, e.g. around a quarter of those with a view supported both these mutually exclusive views.

market soundings, as well as disclosure of inside information by non-equity issuers requirements. On the other hand, only a couple of respondents considered that there should not be any exemptions or lessening of MAR requirements for SMEs.

Many respondents, including a majority of the responding trading venues, underscored that **insider lists** were too detailed and that companies listed on SME Growth Markets did not have the necessary resources to handle this requirement internally. It was often pointed out that it is extremely difficult for SMEs to identify “inside information” on the basis of the definition provided by MAR. Many small companies do not have legal or compliance departments and need to hire external advisors in this respect. Only few respondents did not consider insider lists burdensome.

Similarly to insider lists, more than one third of respondents (and a majority of the responding issuer representatives) considered requirements regarding the **justification of the delay in disclosing inside information** to be “very burdensome”. Only one respondent found the requirements “not burdensome at all”.

Concerning **market soundings**, a bit less than one third of respondents, including several associations, criticised these provisions as “very burdensome”. No respondents chose the option “not burdensome at all”, while some trading venues and few other participants described the obligations deriving from this rule as not excessively burdensome.

Concerning **the disclosure of inside information by non-equity issuers**, a number of stakeholders including stock exchanges and associations considered the requirement very burdensome. Only two respondents described it as “not burdensome at all”.

Half of the respondents considered **half-yearly reports for SME Growth Market issuers** not burdensome. At the same time, less than a quarter of the stakeholders who expressed an opinion described such requirements as burdensome.

Overall, it emerges clearly from the respondents’ comments that the MAR requirements are considered burdensome and would need to be alleviated. However, stakeholders also broadly acknowledged the importance of maintaining an effective market abuse regime to safeguard market integrity, suggesting that the right balance needs to be found between proportionality and investor protection.

## 1) Management's transactions (Market Abuse Regulation – Art. 19)

<b>Question 16. Relevance of the administrative burden created by management's transactions for SME Growth Markets issuers and their managers</b>
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Around 60 percent of all stakeholders expressed their opinion on this question. A large majority of these stakeholders, including several market operators and industry associations, considered the obligation to disclose management transactions rather or very burdensome. Conversely, only a small minority (around 10 percent), including one National Competent Authority and few associations disagreed. A quarter of the respondents, including market operators, issuers, investors’ representatives and supervisory authorities, had a neutral opinion on the requirement.

The majority of the respondents who were critical of the requirement mentioned the strict timing and the administrative and compliance costs incurred by all issuers, in particular the smaller ones. The technical difficulty to meet the 3-day deadline for the public disclosure of managers' transactions by the issuer was highlighted by many stakeholders, several of which recommended the extension of the deadline to 5 days. Nevertheless, some stakeholders

explicitly acknowledged that the disclosure of managers' transactions represented a powerful tool to ensure transparency and symmetry of information.

**Question 17. Necessity of introducing changes or clarifications to the managers' transactions regime for SME Growth Markets**

Around half of all respondents expressed an opinion regarding managers' transactions. Among these, a large majority of stakeholders supported: i) extending the time limit for persons discharging managerial responsibilities (PDMRs) and persons closely associated to notify their transactions to the issuer; ii) raising the threshold above which managers of SME Growth Markets Issuers should declare their transactions; and iii) making national competent authorities (NCA) responsible for making public the managers' transactions. In contrast, a strong majority of respondents opposed making trading venues responsible for making managers' transaction public. In addition, an overwhelming majority of the stakeholders who expressed their opinion were convinced that the time limit for issuers to make managers' transactions public/notify the NCA should start as of the date when the transactions have been notified to issuers (and not as from the date of transactions).

Concerning the extension of the time limit for managers and persons closely associated to notify the issuer of their transactions, almost all respondents in favour of such an extension were of the view that 5 days would be the appropriate notification period for SMEs. On increasing the threshold for the amount above which managers' transactions need to be notified (currently EUR 5,000), most respondents in favour of an increase, including industry associations, trading venues, as well as half of the responding NCAs, suggested EUR 20,000 as a new threshold. NCAs opposed the idea of putting on NCAs the responsibility of making managers' transactions public. Several stakeholders emphasised the need to keep all such information in one place. Concerning the requirement that the trading venues should disclose managers' transactions to the public, opponents used cost and data privacy arguments, claiming that there was no good reason to transfer this responsibility to the trading venues. They also highlighted the importance of centrally available information (as opposed to situations where the data is scattered across several trading venues in the same country). With regard to the time limit for issuers to make managers' transactions public (or notify the NCA), most respondents believed that the delay should be calculated starting from the date when the transactions have been notified to issuers. Only few trading venues and supervisory authorities were against this idea. Those in favour did not necessarily support a long extension, and several stakeholders considered that the disclosure by the issuer to the public should be made on the day following the date of notification of the transaction by managers.

**2) Insider lists (Market Abuse Regulation – Art. 18)**

**Question 18. Impact of the alleviation provided by MAR for SME Growth Market issuers as regards insider lists**

Only about 30 percent of the respondents provided comments on this question. Most of them found the current alleviation for SME Growth Market issuers to be ineffective, even if insider lists were to be produced only upon request of the National Competent Authority after the event. Due to the very detailed provisions on the information that has to be included in an insider list (e.g. the private email address and the exact point of time when a person on the list became aware of the inside information), issuers need to prepare these lists on an ongoing basis, if they wish to provide it within a short timeframe following a request. The few suggestions for improvement included making the information to be provided less detailed. In addition, many stakeholders pointed out that the recent entry into application of MiFID II made it difficult to outline cost estimates.

### **Question 19. Insider list-related obligations applicable to SME Growth Market issuers**

Around 60 percent of the participants responded to this question. The majority of stakeholders who expressed their opinion supported the statement that SME Growth Market issuers should be obliged to submit insider lists only when requested by the NCA, and that these issuers should be obliged to maintain a list of 'permanent insiders' only. While a strong majority of them opposed exempting SME Growth Market issuers from keeping insider lists, they were also of the opinion that these issuers should not be obliged to maintain insider lists on an ongoing basis.

Only a handful of stakeholders provided comments to this question. The few concrete proposals concerned the reduction of the level of detail of information in the insider lists.

### **3) Justification of the delay in disclosing inside information (Market Abuse Regulation – Art.17)**

### **Question 20. Modifications to the rules concerning the justification of the delay to communicate inside information by SME Growth Market issuers**

Among stakeholders who expressed an opinion, a majority (including a majority of NCA respondents) believed that the explanation justifying the delay to communicate inside information by SME Growth Market issuers should be submitted only upon request of the NCA. This included a majority of the securities exchanges and NCAs who expressed an opinion on the matter. Issuer and investor representatives were more split on the subject, as several considered that requiring a justification upon request would not be a significant enough alleviation. With regard to disclosure records, a slight majority of the stakeholders who expressed an opinion also believed that SME Growth Market issuers should be exempted from the obligation of keeping a 'disclosure record' altogether. These included most of the issuer representatives who gave an opinion, as well as a thin majority of the exchanges and investor representatives. However, a majority of NCA respondents opposed this idea.

Most of the stakeholders who were against requiring a written justification upon request rejected the idea on the ground that a more far-reaching alleviation would be more appropriate. Only a small minority considered the current obligation adequate to ensure market integrity. Many respondents found the requirement to inform the NCA about the delay to disclose inside information and provide a written explanation very burdensome. They notably claimed that it is often difficult to understand whether information can be classified as 'inside information'. Some argued that the Market Abuse Regulation provisions relating to the delay of publication of inside information were very complicated – even for big issuers – and should be much lighter for SME Growth Markets. Some of them pointed out that issuers currently often have to seek external legal advice on disclosure matters, which can be very costly. Removing the requirement to maintain a disclosure record would therefore enable them to reduce costs. Several noted in general that tailored, simplified and clearer rules on delaying the disclosure of inside information for SME Growth Market issuers was key to ensure the success of SME Growth Markets. Only one industry association described this obligation as not burdensome at all, claiming that issuers did not use the already-existing provision allowing delayed disclosure. Finally, among the sizeable minority of stakeholders against exempting SME Growth Market issuers from keeping disclosure records, several argued (notably public authorities) that these records were very useful to conduct investigation, limit insider trading and ensure market integrity.

#### 4) Market soundings (Market Abuse Regulation – Art. 11)

##### **Question 21. Exemption of private placement of bonds on SME Growth Markets from market sounding rules when investors are involved in the negotiations**

Less than half of all respondents to the public consultation had an opinion on this question. Among those who shared their view, there was strong support for exempting private placement of bonds on SME Growth Markets from market sounding rules when investors are involved in the negotiations of the issuance. Support came from most of the responding market operators, investor representatives, issuer representatives and other industry associations. Conversely, all but one responding NCA opposed the possibility to exempt private placement of bonds from market sounding rules on SME Growth Markets.

When asked to explain their opinion, many of the respondents in favour of exempting these transactions from the market sounding rules described the requirements concerning private placements as particularly onerous, considering that private placements are bilateral negotiations that differ from public transactions. Several respondents specified that market-sounding rules further diminished the willingness of companies to issue privately placed bonds. One stakeholder also highlighted that the market-sounding regime put private placements in Europe at a disadvantage compared to the US, where no similar regime exists. Among the minority of stakeholders against the proposed exemption, several showed concerns with regard to the risk of unlawful dissemination of inside information.

#### 5) Disclosure of inside information for SME Growth Market issuers of bonds only

##### **Question 22. Disclosure requirements for SME Growth markets debt-only issuers**

A strong majority of the respondents who expressed their views were convinced that debt-only issuers should disclose only information that is likely to impair their ability to repay their debt, instead of having the same disclosure requirements as equity issuers in SME Growth Markets. This included a majority of the trading venues and issuer representatives who expressed an opinion. In contrast, all NCAs stated that the disclosure requirements should be the same. Investor representatives were split on the matter.

When asked to explain their reasoning, a significant number of stakeholders considered the disclosure of inside information by non-equity issuers very burdensome and deterring not only European, but also non-European issuers seeking to list debt securities on European financial markets. It was argued repeatedly that the main concerns for plain vanilla bond investors was the issuers' ability to repay their debt, making further disclosure requirements superfluous.

Stakeholders who argued against the creation of a lighter disclosure regime for debt-only issuers insisted that investors should be able to assess the risk profile of an investment in bonds just as well as for one in equity. It was also argued that inside information exists regardless of the financial product and should be disclosed in the same way, to prevent insider trading. However, some of them acknowledged that the topic merited further reflection due to the inherent nature of plain vanilla bonds being less exposed to the risk of market abuse. They underlined the need to analyse which type of “inside information” was linked to the ability of an issuer to repay its debt.

## 6) Half-yearly reports for SME Growth Market issuers

### Question 23. Obligation to publish half-yearly reports on SME Growth Markets

Concerning SME Growth Market equity issuers, a majority of the stakeholders who replied were in favour of keeping the obligation to publish half-yearly reports. These included most of the responding NCAs, a majority of the responding investor representatives and half of the responding securities exchanges. Nevertheless, a significant minority were in favour of leaving this decision to the discretion of the trading venue, including a majority of the responding issuer representatives. Only one respondent (an NCA) was in favour of removing the obligation altogether. Concerning debt issuers, the views were more evenly split between stakeholders in favour of keeping the half-yearly report requirement mandatory and those in favour of letting the trading venues decide whether they wished to require such reports. Among others, a majority of trading venues and of responding issuer representatives were in favour of leaving flexibility to market operators. Only a few stakeholders were in favour of removing the obligation altogether.

Many stakeholders in favour of keeping the obligation for equity issuers argued that the publication of a company's results was the main driver behind investors' decision to invest, and that the benefits in terms of investor confidence and liquidity enhancement outweighed the costs for issuers. Keeping this obligation for all SME Growth Markets was seen by one respondent as a way to ensure high standards throughout the EU and foster cross-border investment. It was also underlined that publishing half-yearly reports corresponded to the market practice for equity issuers (while this was not the case for debt-only issuers). A few stakeholders, including an issuer representative and a trading venue, highlighted the benefits of requiring not only half-yearly, but also quarterly reports. On the other hands, stakeholders in favour of leaving the obligation to the discretion of the market argued that more flexibility could help balance the costs for issuers and the benefits in terms of investor confidence. One issuer representative added that half-yearly reports tended to encourage short-term strategies.

Concerning debt issuers, both stakeholders in favour of keeping mandatory half-yearly reports and those in favour of leaving the decision to the market operator referred to the same arguments as for equity issuers. The former highlighted the importance of regular information and transparency to ensure investors' interest, while the latter mentioned the need to balance costs for issuers. On average, stakeholders seem to consider half-yearly reports less crucial for debt-only issuers than for equity issuers. In addition, those stakeholders in favour of removing the obligation for debt-only issuers stressed that such an obligation had not been made mandatory for wholesale debt issuers listed on regulated markets. It seemed therefore illogical to set more stringent requirements on SME Growth Markets than on regulated markets.

### C. Fostering the local ecosystems for SME Growth Markets and enhancing liquidity

#### 1) 'Tick size' regime of SME Growth Markets (Art. 49 – MiFID II)

### Question 24. Impact of minimum tick size regime provided by MiFID II on the liquidity and spreads of shares traded on SME Growth Markets

Few stakeholders answered this question. Among those who did, answers were relatively fragmented, with a slight majority stating that the minimum tick size regime set out in MiFID II could lead to a decline in liquidity.

Some respondents, mostly those representing securities exchanges, gave as evidence a preliminary analysis of the impact of the tick size regime following the entry into application of MiFID II on 3 January 2018. Results of these assessments differed from one respondent to



another. Some argued that the impact of the tick size regime was neutral, some expected a decrease in liquidity and spreads, and others observed an increase in liquidity and/or spreads. A common view of the few who provided evidence was that the period of application of MiFID II has been too short to draw meaningful conclusions.

**Question 25. Flexibility of market operators as regards the application of EU tick size regime on their SME Growth Markets**

As for the previous question, only a minority of stakeholders expressed an opinion regarding flexibility on the EU tick size regime. Among those who did, a strong majority stated that market operators should be given the flexibility not to apply the minimum EU tick size regime on their SME Growth Market. In addition, they suggested that market operators should be given flexibility to enable competition among trading venues based on different market models.

**2) Making liquidity provision contracts available for all SME Growth Market issuers across the EU (MAR - Accepted Market Practice – Art. 13)**

**Question 26. EU framework on liquidity contracts for all SME Growth Market issuers across the European Union**

Less than half of all respondents expressed an opinion regarding the creation of an EU framework on liquidity contracts. Among those who did, a larger number of stakeholders (i.e. almost half) agreed that there would be merits in creating an EU framework. Opinions were divided among responding NCAs and securities exchanges, while a majority of issuer and investor representatives had no clear opinion.

Overall, a majority of stakeholders acknowledged the benefits of authorising liquidity contracts, notably in terms of increased liquidity and reduced volatility. If many insisted on the need to maintain some flexibility at national level, a few others rather saw merits in harmonising the practices across the EU. Two NCAs recognised the benefits of these instruments, while two others expressed some reservations. Some market operators argued that the current regime of accepted market practices under the Market Abuse Regulation functioned well and should not be modified, therefore opposing the creation of a harmonised regime at EU level.

**3) Free float requirement on SME Growth Markets**

**Question 27. Advantages and disadvantages of the introduction – at the EU level – of minimum free float requirements**

Among those who shared their opinion on this question, a majority believed that no rule on minimum free float should be introduced in the EU legislation. This included a majority of securities exchanges and issuer representatives. In contrast, a significant minority (and notably a significant majority of investor representatives) was convinced that a rule on minimum free float should be introduced in EU legislation with criteria and thresholds left to the discretion of the SME Growth Market operators. Several respondents who indicated being against setting an EU free float requirement actually advocated for a requirement to be defined by local markets. As a consequence, the replies were actually rather evenly distributed between the two options. Only two respondents were in favour of introducing a free float requirement at EU level with exact criteria set in EU legislation.

Stakeholders who were against setting any requirement at EU level insisted on the diversity of market conditions, and on the need for market operators to balance increased liquidity with

the difficulty for issuers to comply with such requirements. Very few stakeholders found the idea of a free float requirement completely irrelevant. Those who did (i.e. two issuer representatives and two trading venues) doubted that introducing such a rule would increase SME listings. On the contrary, they believed that imposing a free float requirement could deter company owners from seeking a listing. On the other hand, respondents in favour of a flexible free float requirement insisted on the benefits that it could bring in terms of increased liquidity and investor confidence. In particular, one stakeholder highlighted that too low levels of free float made it impossible for institutional investors to consider some asset classes as potential investment opportunities.

**4) Institutional investors' participation in SME shares and bonds**

**Question 28. Regulatory barriers to institutional investments in SME shares or bonds listed on SME Growth Markets or MTFs**

Regarding the issue of low institutional investment in SMEs, several stakeholders referred to prudential requirements as a potential impediment. Others stressed that national regulations can limit institutional investors' ability to invest in companies that are not listed on regulated markets. Similarly, internal rules can proscribe investments in assets with low levels of liquidity, referring notably to the problem of limited free float. The need for funds to achieve a minimum ticket size to counterbalance high fixed costs can also mechanically exclude smaller issuers from funds' investment possibilities.

Finally, a few stakeholders mentioned that more incentives for institutional investors could act as a catalyst for institutional investment into SME securities, notably referring to tax treatments.

**5) Credit assessments and ratings for SME bond issuers**

**Question 29. Further steps to facilitate SME bond issuances on SME Growth Markets without incurring high costs for assessing creditworthiness of issuers**

Few stakeholders replied to this question. Most of the responses focused on the cost of credit ratings of SME bond issuers and on measures that could be implemented to stimulate investments in SME bonds. Not all stakeholders considered credit rating to be too expensive for small issuers. A credit rating association suggested that costs related to credit ratings were not disproportionate when compared to the overall listing costs. One public authority highlighted that smaller, less expensive credit rating agencies already existed. Fostering their activity and competition on the credit rating market would enable to further reduce costs for smaller issuers. Several respondents – mostly issuer representatives, but also a trading venue and a national competent authority argued in favour of unsolicited credit ratings. Several stakeholders also mentioned that public grants or tax incentives could help promote small issuers' use of ratings.

**Question 30. Risks associated with 'unsolicited credit ratings' by market players other than CRAs**

Only few respondents expressed an opinion concerning unsolicited credit ratings. Among those who did, a majority (mostly investor representatives and industry associations) considered this practice as potentially problematic. They mentioned the use of diverging methodologies, as well as the fact that entities not registered as credit rating agencies did not fulfil the corresponding requirements set by ESMA in terms of transparency and independence. These issues would result in lower investor protection and market integrity.

On the other hand, a few stakeholders – mostly issuer representatives – saw only limited problems with the practice of unsolicited ratings, arguing instead that supervised entities, such as banks and investment firms, were well supervised and had an incentive to only issue ratings of a good quality to maintain their credibility. A couple of stakeholders insisted on the need to assess the quality of previously issued unsolicited ratings to better understand their reliability and usefulness.

The few National Competent Authorities who replied were split on the matter.

#### **D. General questions**

<b>Question 31. Areas and provisions where policy action would be most needed and could have most impact to foster SME listings of shares and bonds on SME Growth Markets</b>
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Stakeholders who expressed an opinion indicated that policy action would be most needed to increase institutional investors' participation in SME shares and bonds. Policy action in several other areas also received wide support among those who answered, especially regarding market soundings, credit assessments and ratings for SME bond issuers, insider lists, and justification of the delay in disclosing inside information. Conversely, stakeholders were more sceptical about the need for policy action concerning transfers of listing (from an SME Growth Market to a regulated market and vice versa), free float requirements, and delisting rules on SME Growth Markets. On other topics, stakeholders were roughly split.

<b>Question 32. Additional comments to the consultation</b>
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As a final point, the consultation gave stakeholders the possibility to mention other areas hindering SMEs' access to public markets where EU action could be beneficial.

Many of the responding stakeholders conveyed the idea that the current initiative could be more ambitious in terms of scope. This could be achieved by changing the criteria defining SME Growth Markets, or by considering also SMEs on regulated markets.

Among the most cited topics, a significant number of respondents stressed their serious concern over the impact that the MiFID II rules on unbundling of research and trading fees would have on SME research coverage. The prospectus rules were also repeatedly mentioned by stakeholders, who questioned the effectiveness of the new regime and insisted on the need for still lighter requirements for SMEs.

Respondents referred to a number of additional legislative acts that would need to be reviewed to further alleviate the burden on listed SMEs. A couple of respondents mentioned the application of the Central Securities Depositories Regulation<sup>13</sup> as potentially problematic. When considering more specifically SMEs listed on regulated markets, stakeholders mentioned that the burden on small issuers should be eased by amending the Shareholders Rights' Directive, Take-over Bid Directive<sup>14</sup> and Transparency Directive<sup>15</sup>. Concerning bond issuances, the impact of the Packaged Retail Investment and Insurance-based Products

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<sup>13</sup> Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories

<sup>14</sup> Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids

<sup>15</sup> Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market

Regulation (PRIIPS)<sup>16</sup> as well as the cost of ratings were described as deterrents to new issuances.

The issue of taxation was raised by several stakeholders, covering various topics such as Member State tax incentives and state aid, tax barriers to cross-border investment, and barriers related to taxation of listed <sup>2</sup>versus non-listed companies. Some of them also suggested conducting an impact assessment on the cost of capital arising from the current tax bias in favour of debt instruments and against equity investments.

Eventually, several stakeholders emphasised the need to acknowledge the diversity of market situations and cultures across Europe, and to refrain from over-harmonising. It was argued that market participants were best placed to develop requirements suited to local conditions. In this context, participants also called for a better alignment of sanctions under the Market Abuse Regulation.

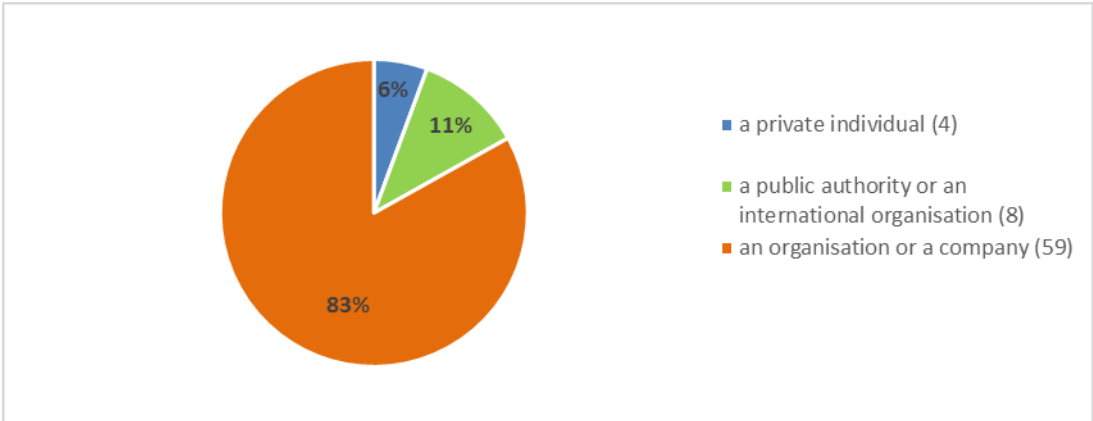
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<sup>16</sup> Regulation (EU 1286/2014) on Packaged retail investment and insurance products

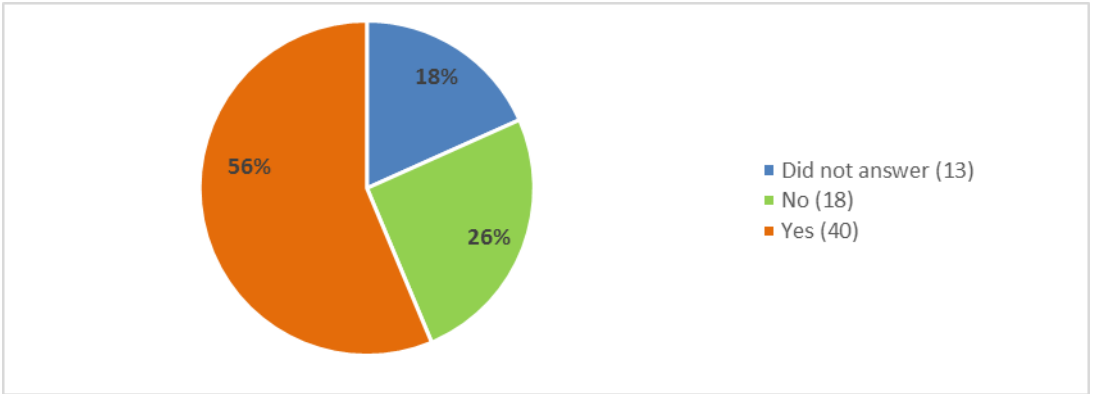
**3 STATISTICAL ANALYSIS**

**I. INFORMATION ABOUT THE RESPONDENTS TO THE PUBLIC CONSULTATION**

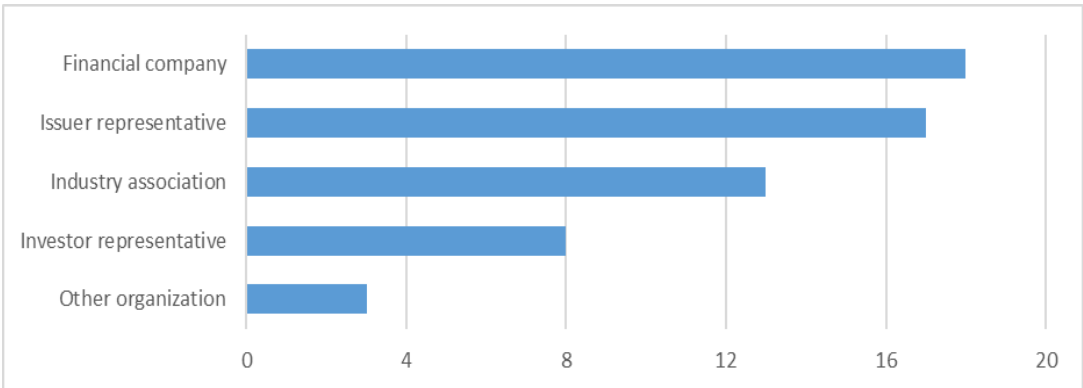
**Are you replying as:**



**Is your organisation included in the Transparency Register?**

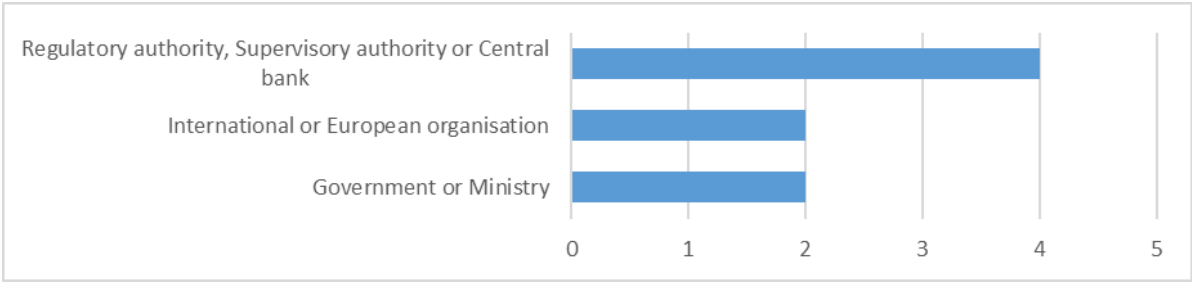


**Type of organisation<sup>17</sup>:**

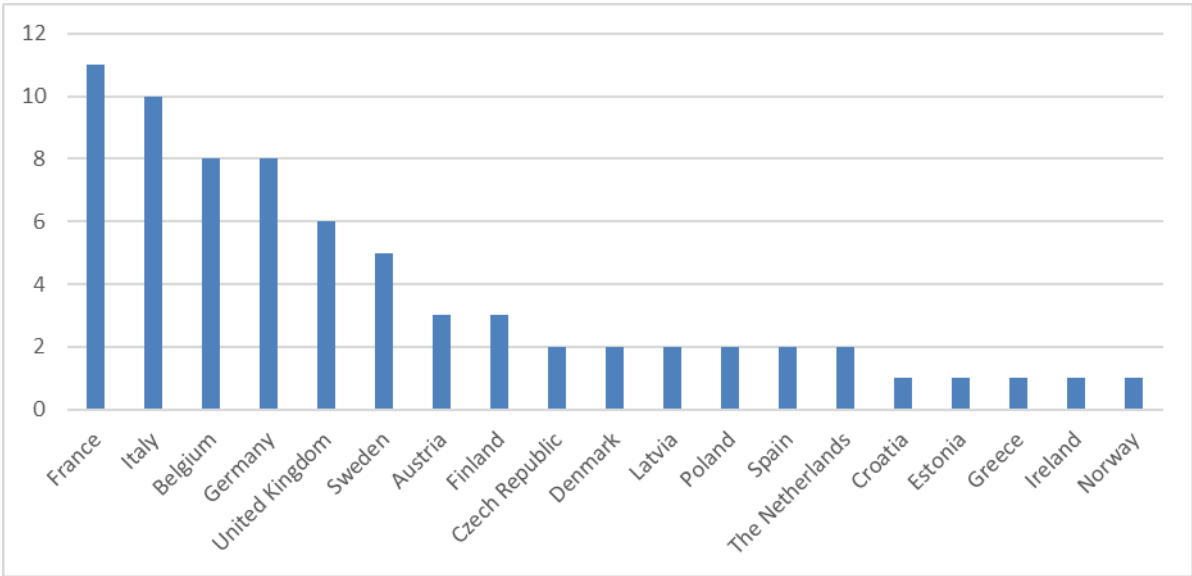


<sup>17</sup> Other organizations include primarily academic institutions, consultancies or law firms

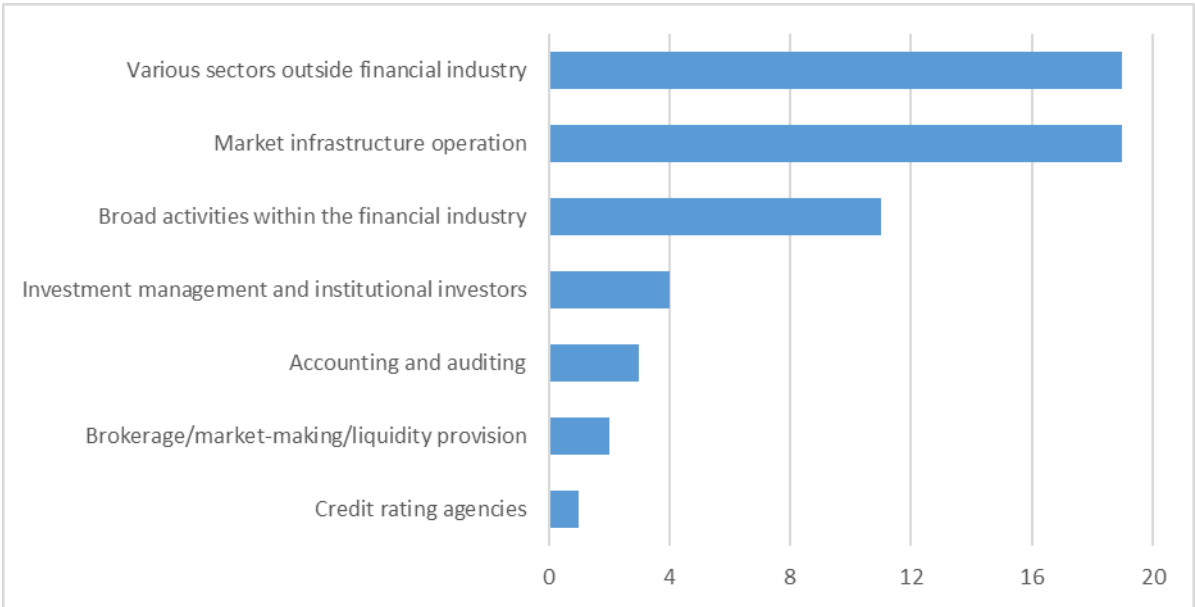
**Type of public authority:**



**Where are you based and/or where do you carry out your activity?**



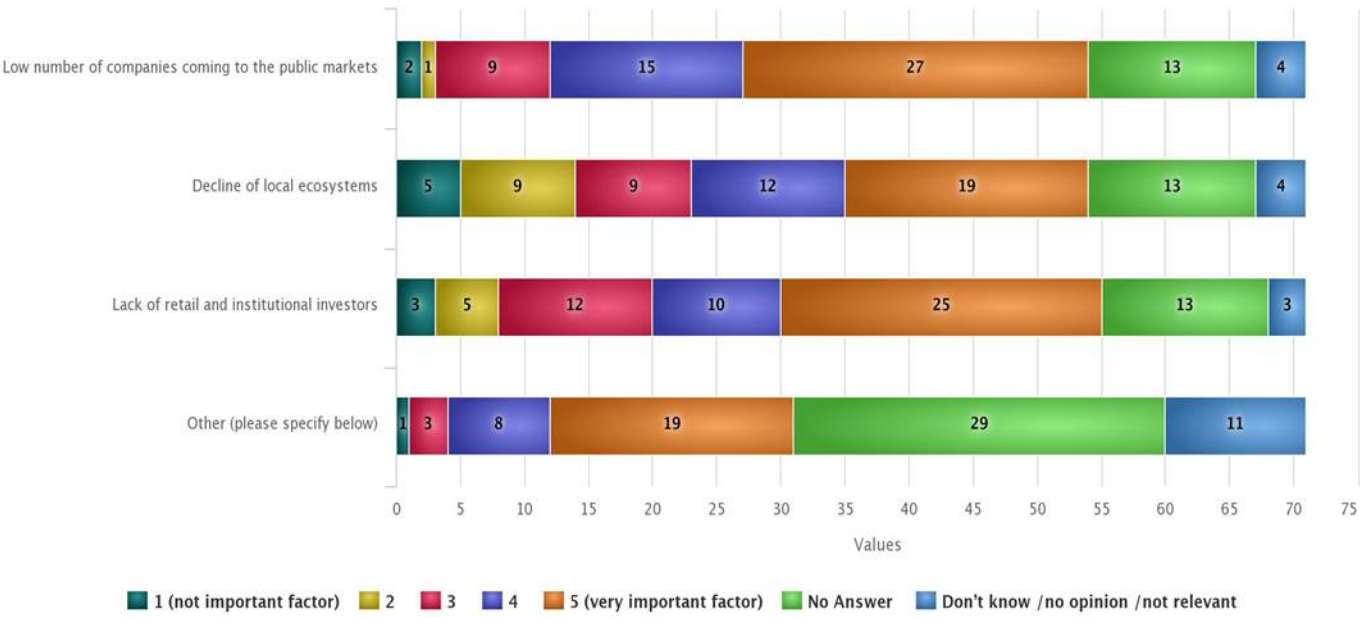
**Field of activity or sector (if applicable)<sup>18</sup>:**



**II. YOUR OPINION**

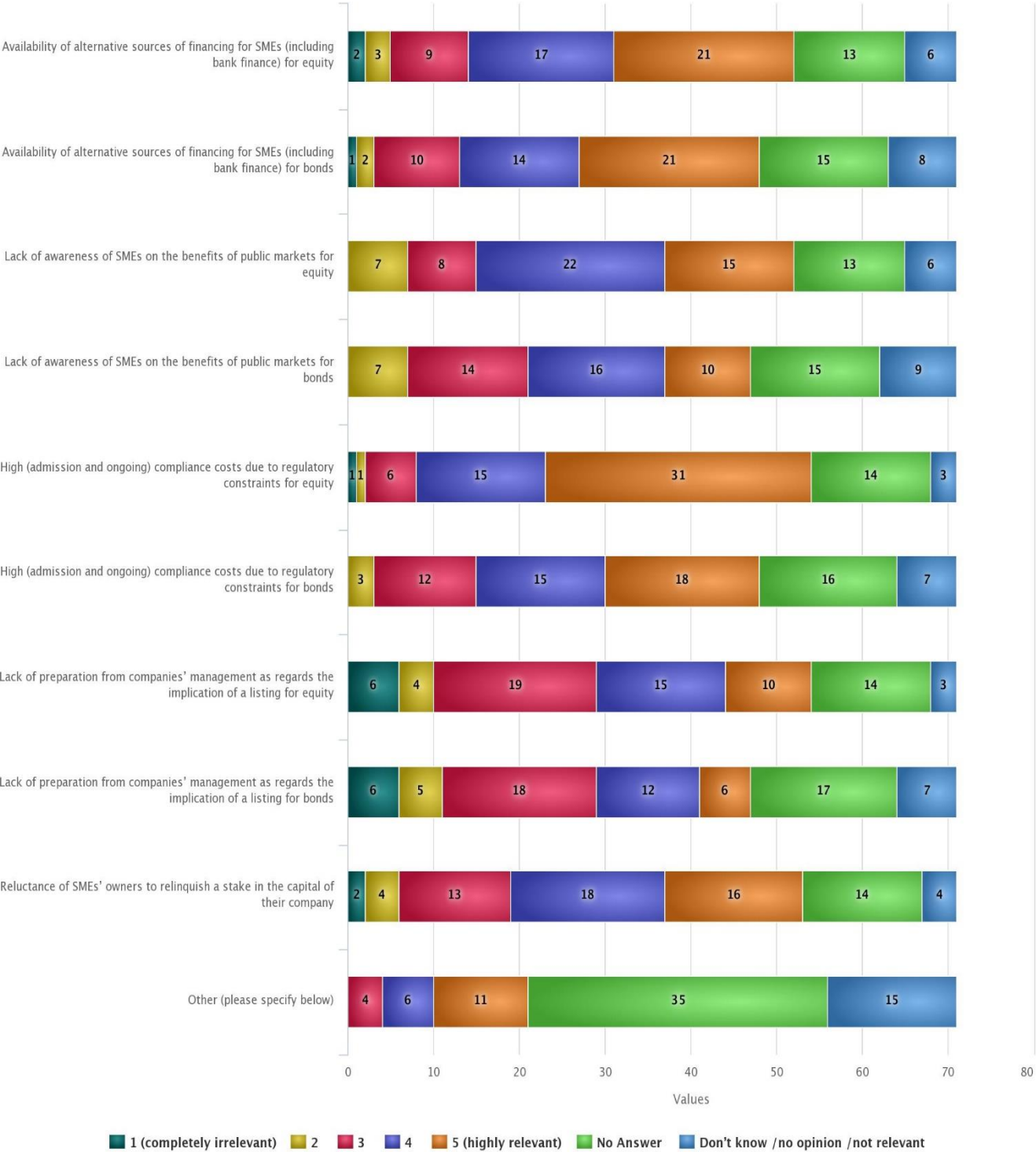
<sup>18</sup> This sectoral overview concerns only respondents who marked themselves as organizations or companies. The category “Various sectors outside financial industry“ includes mainly issuers and organizations representing their interests.

**Question 1. In your opinion, what is the importance of each of the factors listed below in explaining the weakness of EU SME-dedicated markets?**



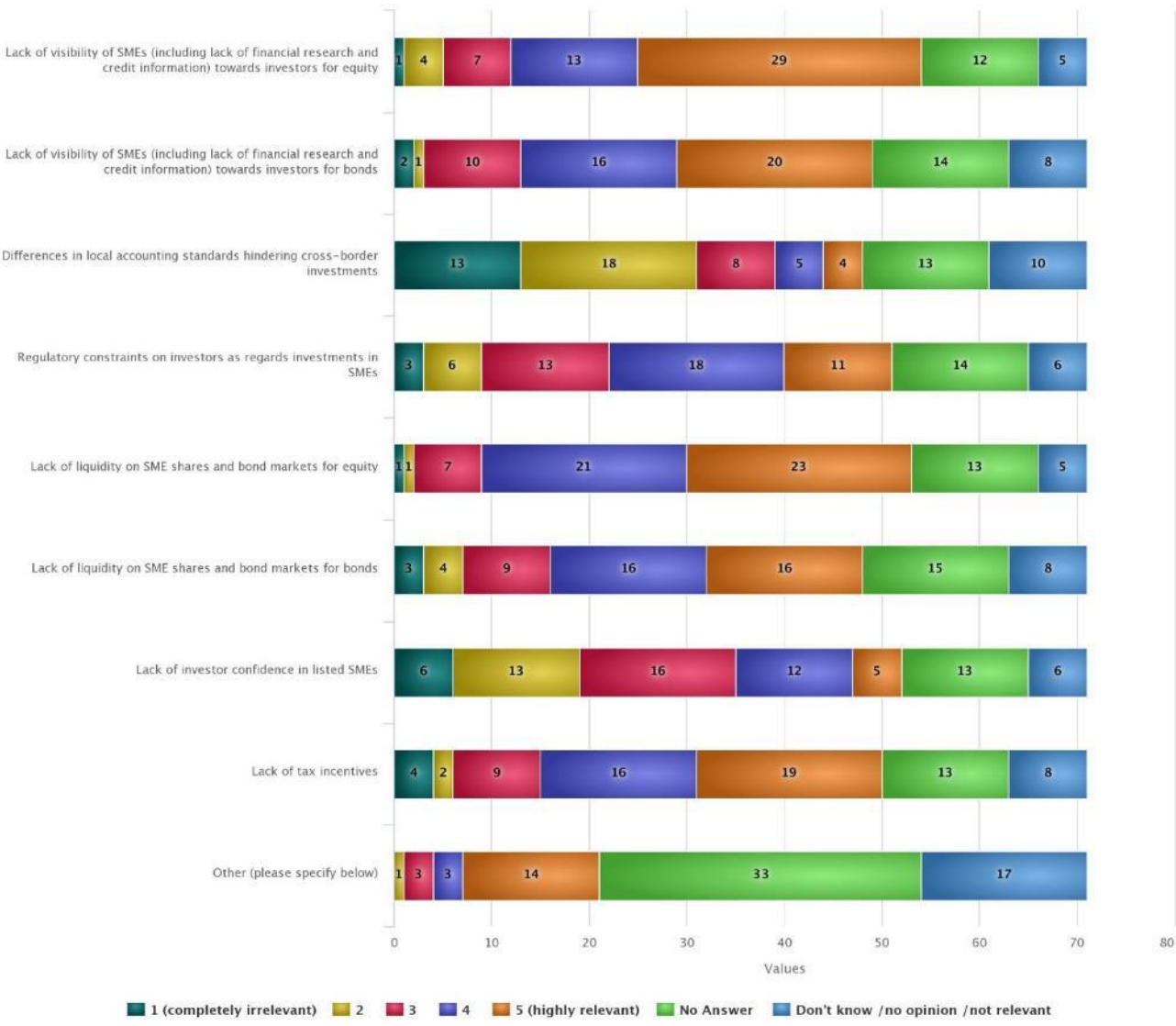
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**Question 2. What are the main factors that can explain the low number of SMEs seeking an admission of their shares or bonds to trading on EU public markets?**

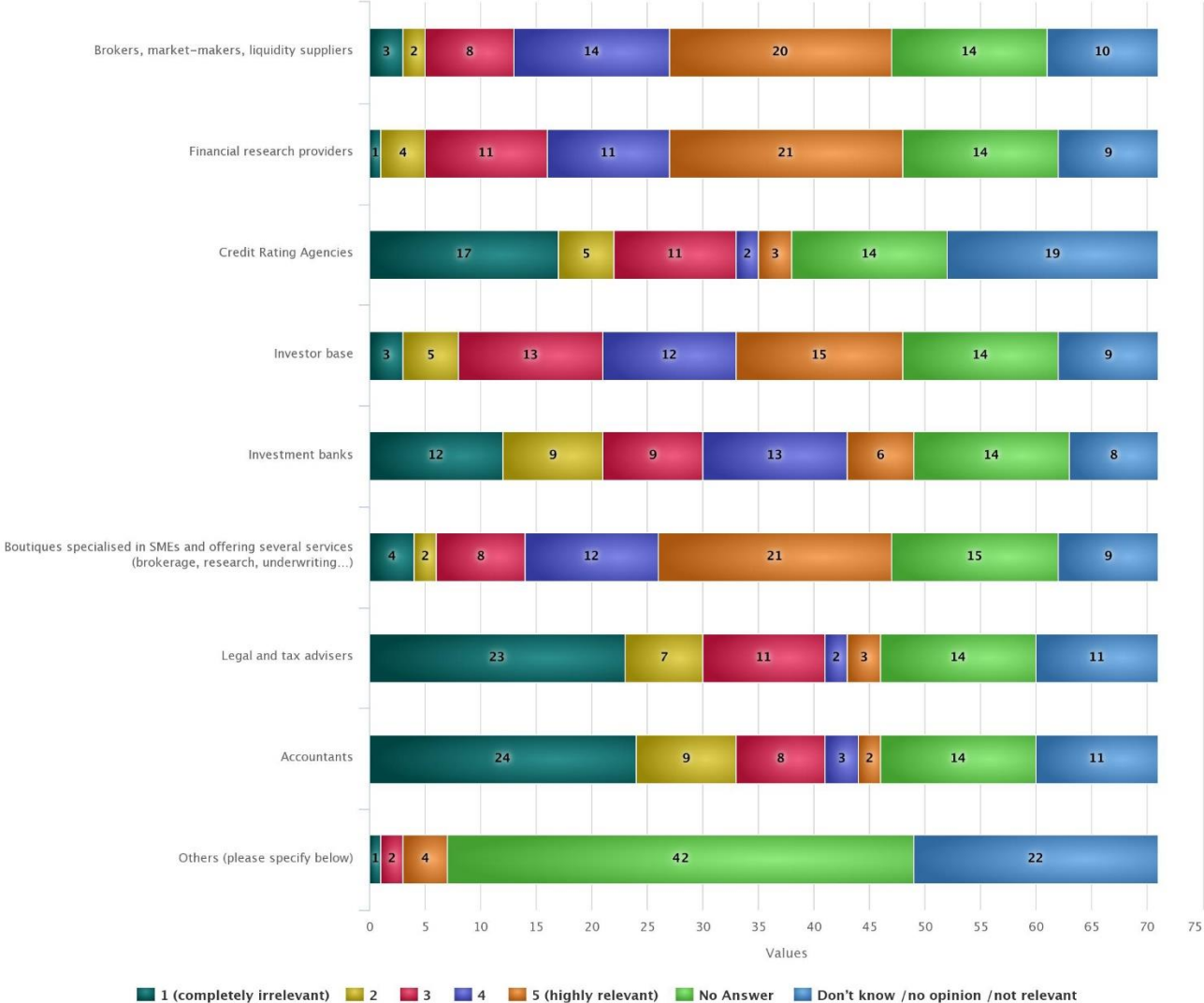




**Question 3. What are the main factors that inhibit institutional and retail investments in SME shares and bonds?**

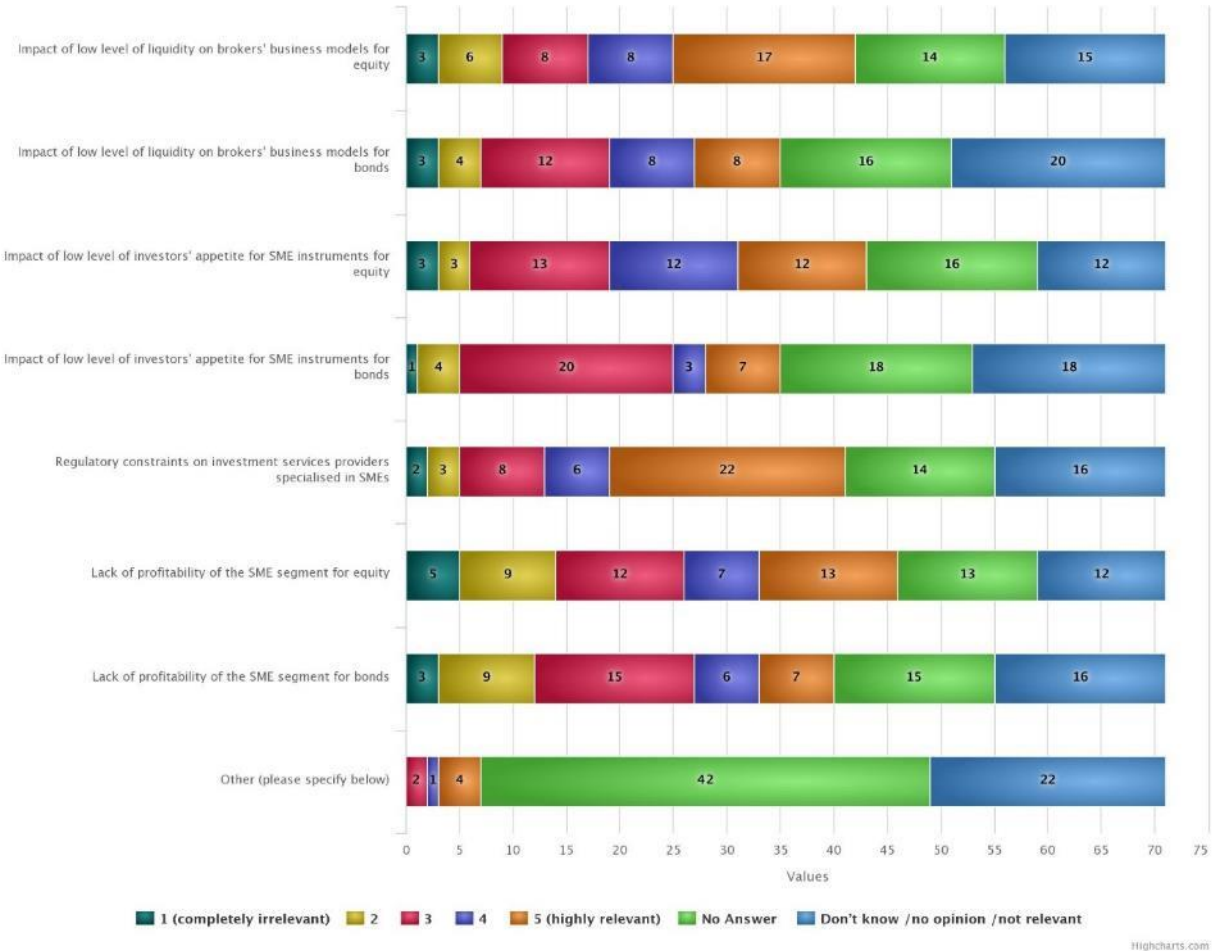


**Question 4. In your opinion, what participants of the ecosystems surrounding local exchanges for SMEs are declining the most?**

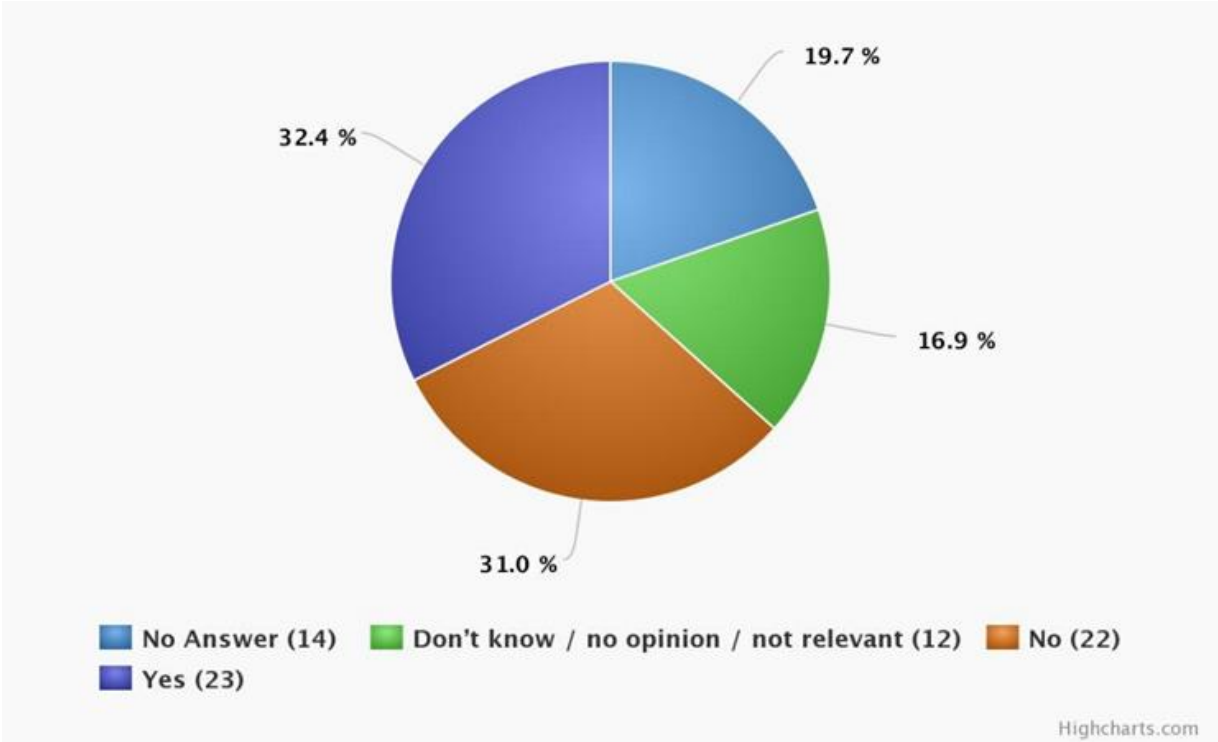


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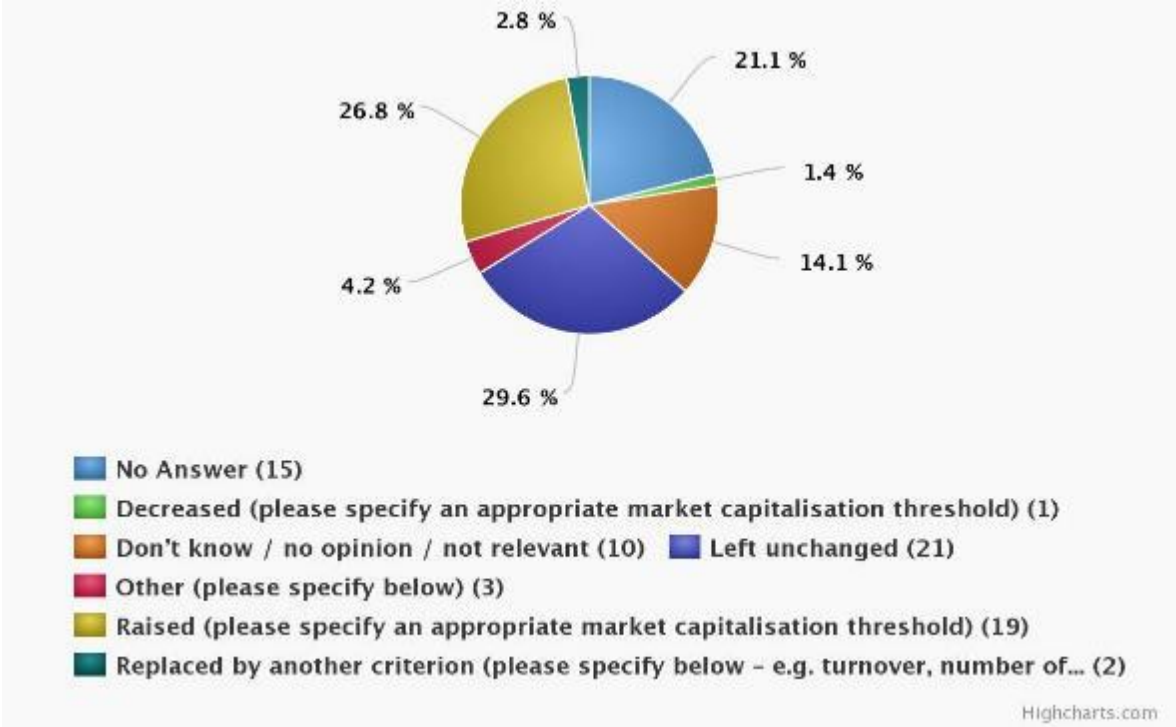
**Question 5. What are the main reasons behind the decline of the ecosystems surrounding the local exchanges:**



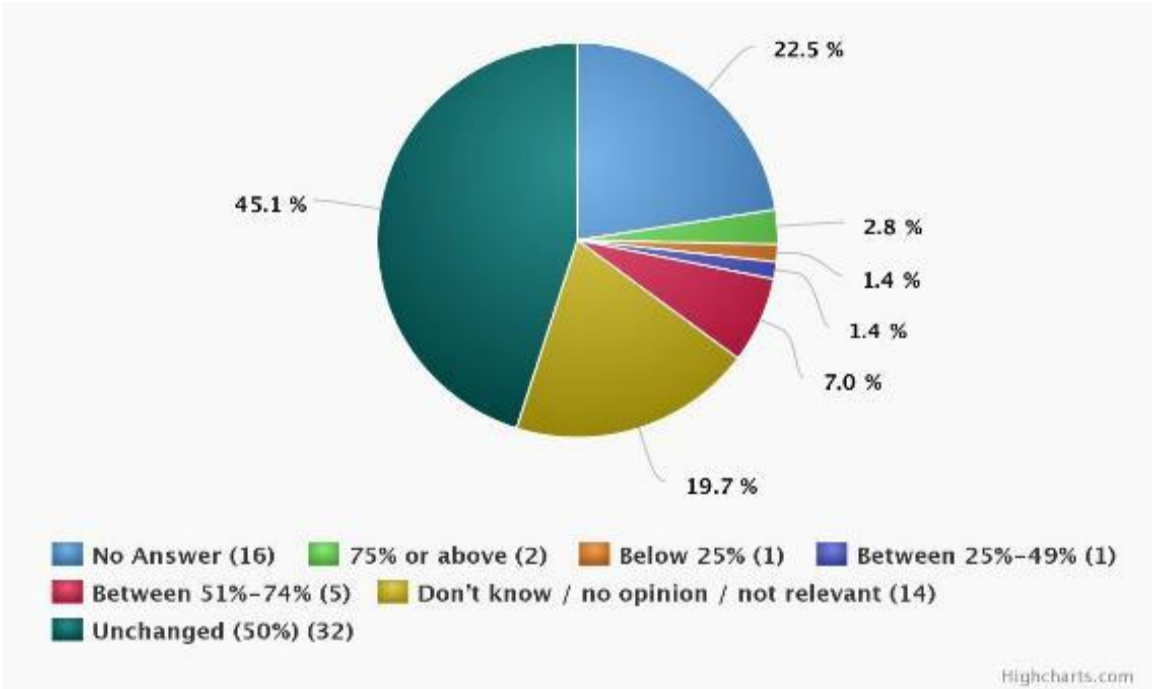
**Question 6. Given the considerations mentioned above, do you consider that the criteria used to define an SME Growth Market should be modified?**



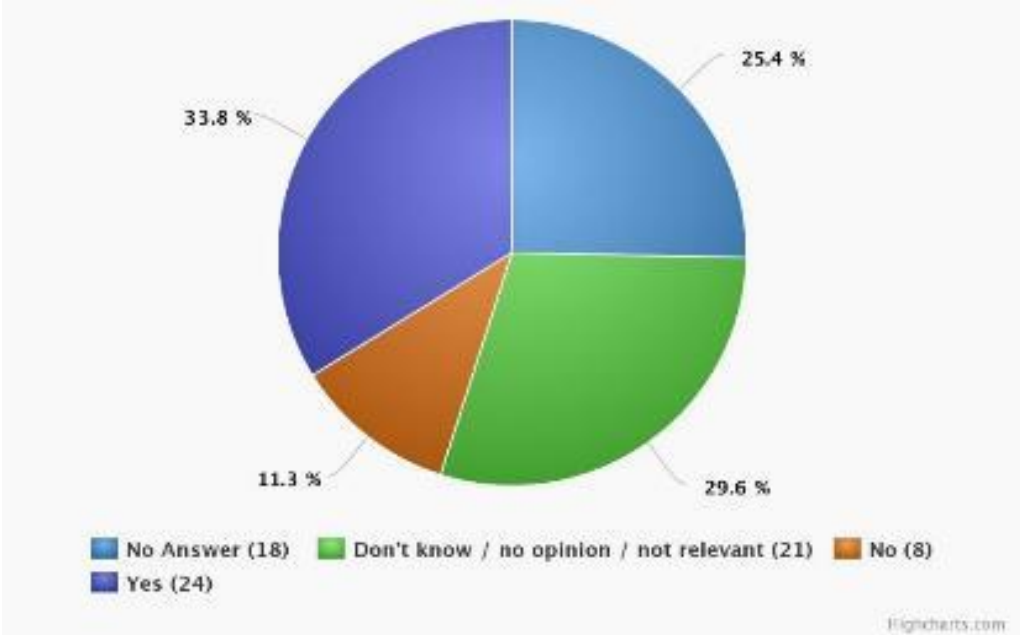
**Question 7. Should the market capitalisation threshold of EUR 200 million defining SMEs under MiFID II be:**



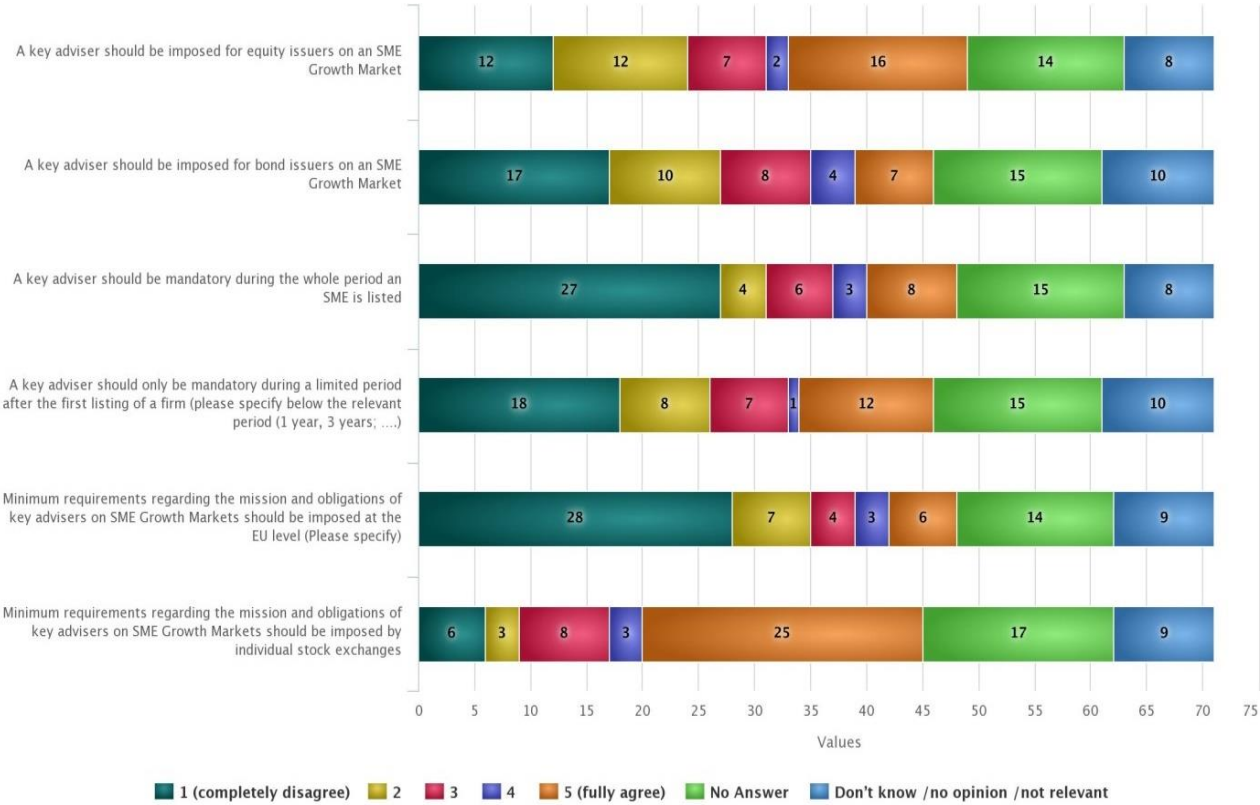
**Question 8. Bearing in mind your answer to the previous question, should the proportion of SMEs on SME Growth Markets (currently 50%) be:**



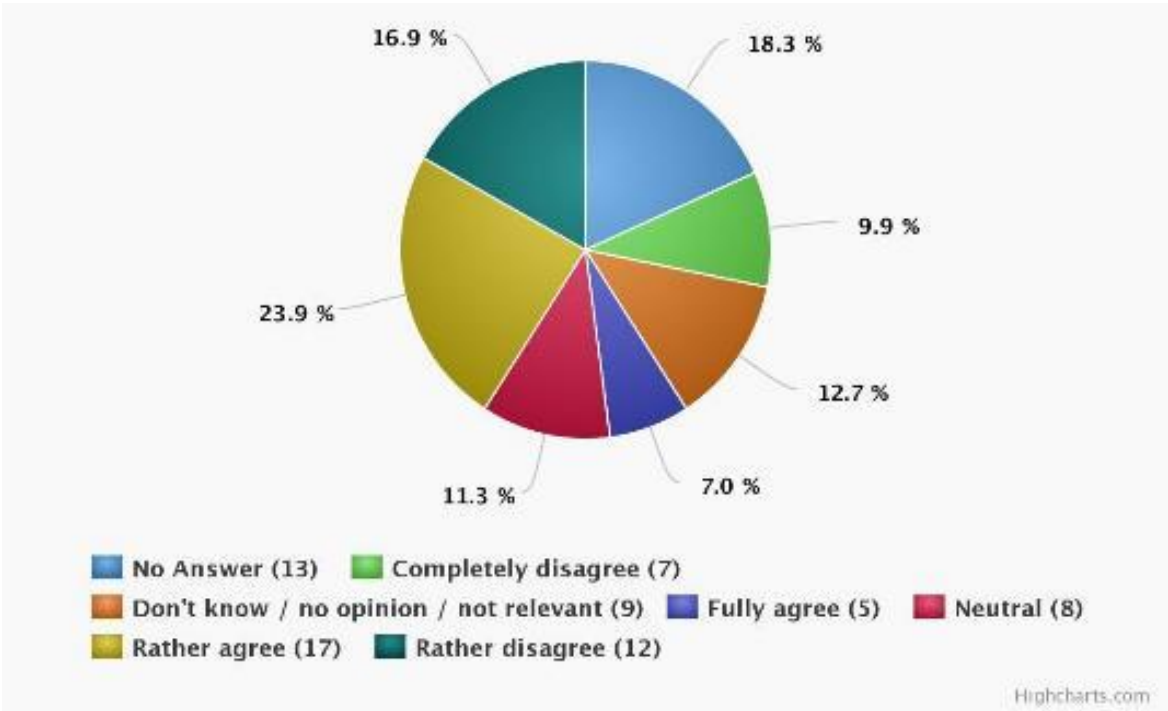
**Question 9. Should the criteria used to define an SME Growth Market non-equity issuer be modified?**



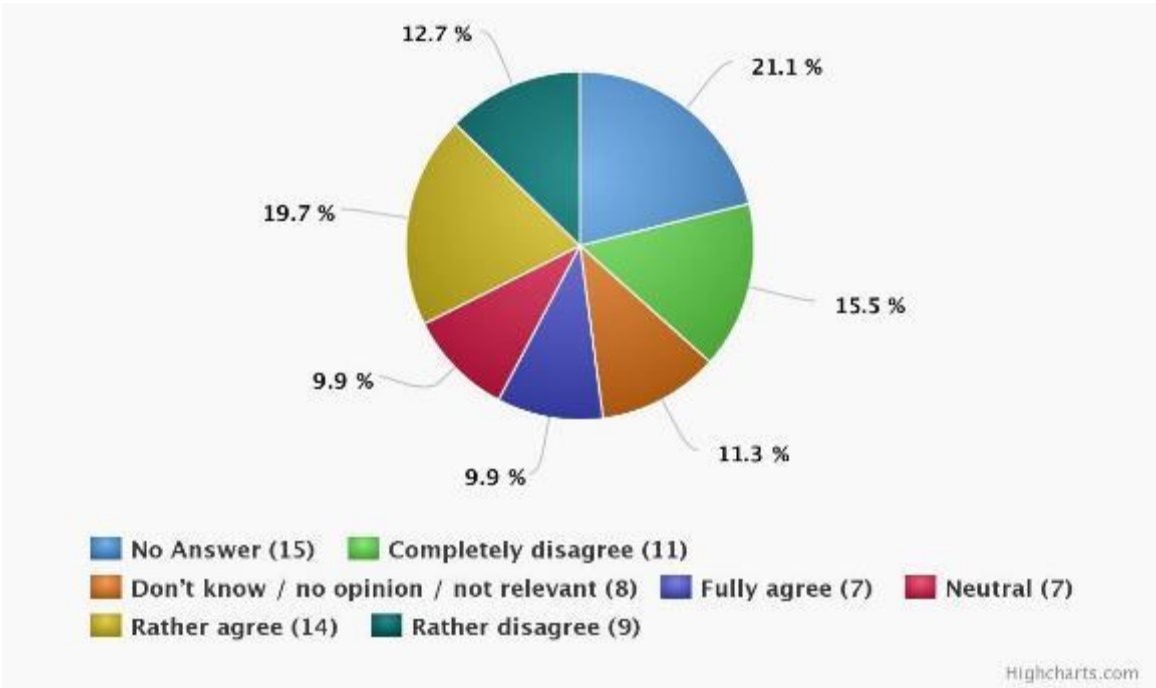
**Question 10. Please indicate whether or not you agree with the following statements regarding minimum requirements and obligations of key advisers for firms listed on SME Growth Markets:**



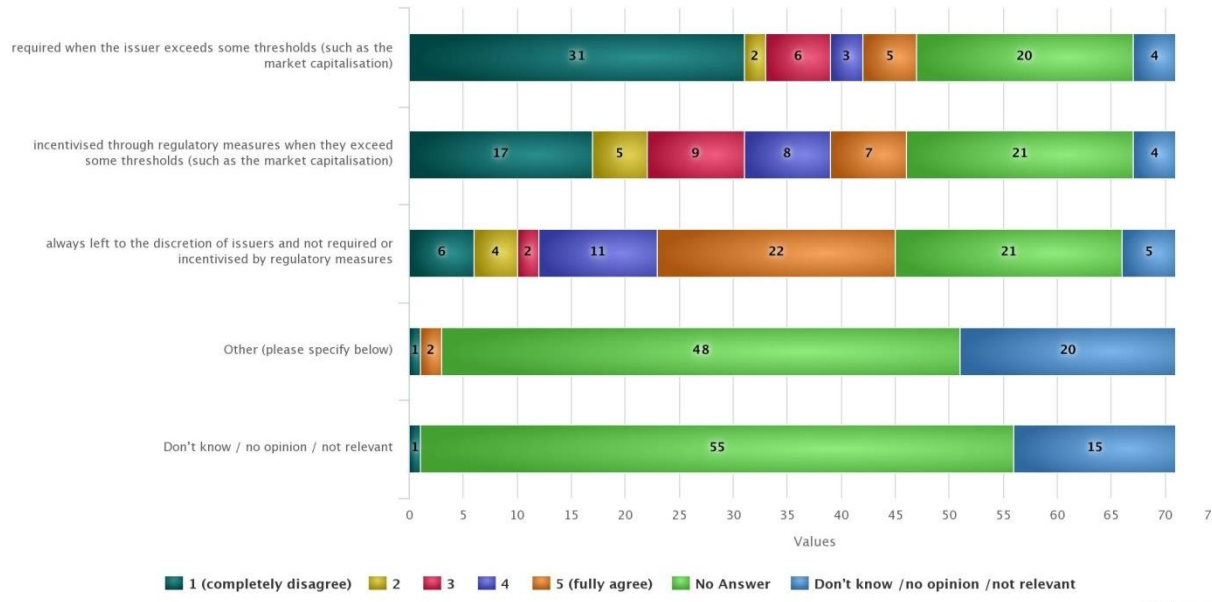
**Question 11. In your opinion, are there merits in imposing minimum requirements at EU level for the delisting of SME Growth Market Issuers?**



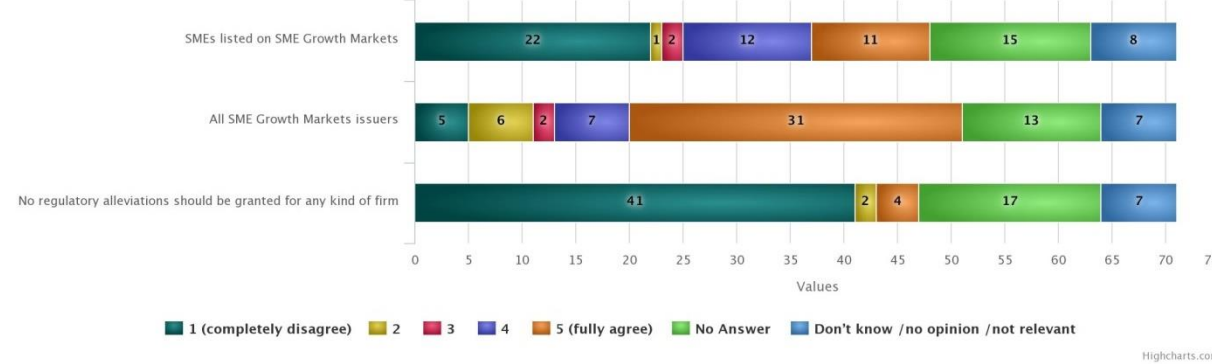
**Question 12. In your opinion, are there merits in introducing harmonised rules at EU level on voluntary transfer of listing from a regulated market to an SME Growth Market?**



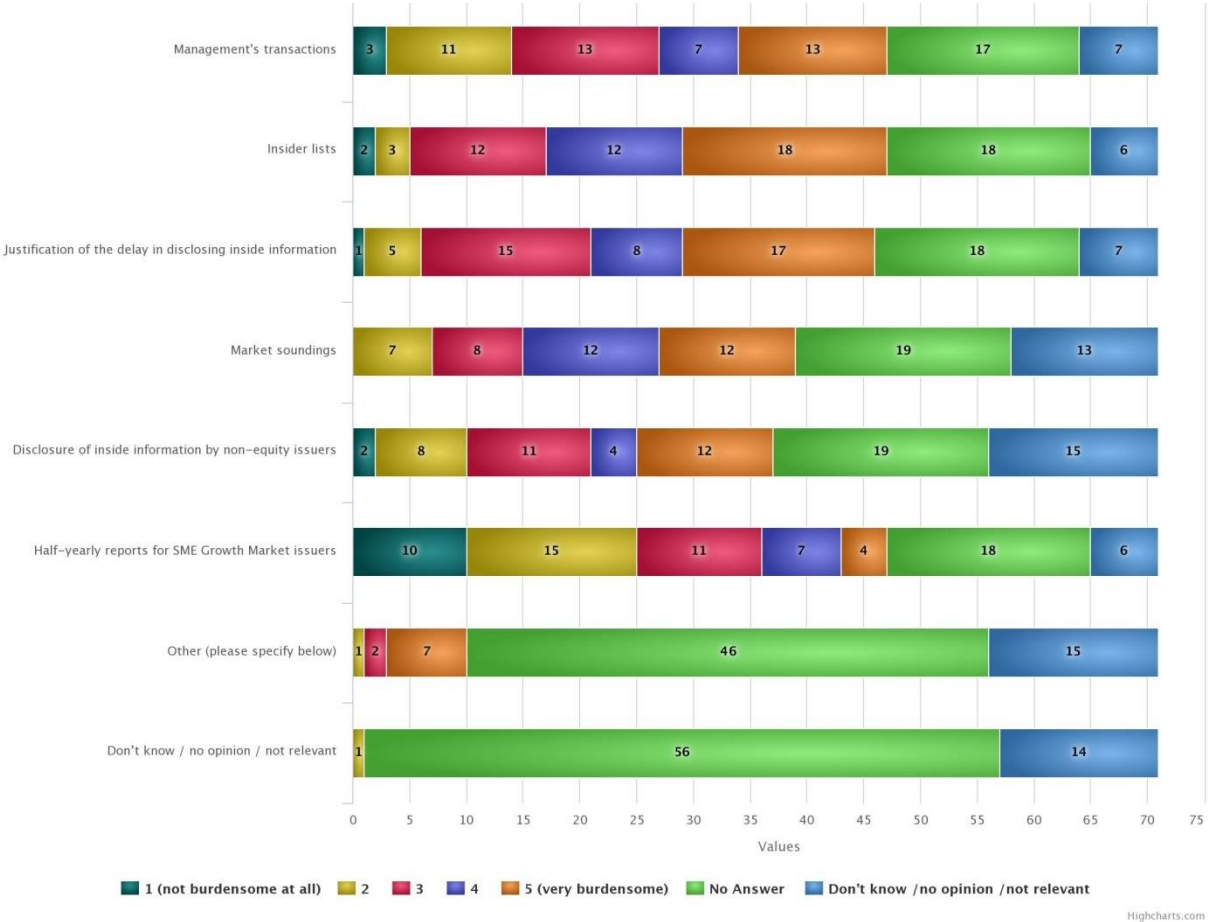
**Question 13. In your opinion, should the transfer of issuers from an SME Growth Market to a regulated market be:**



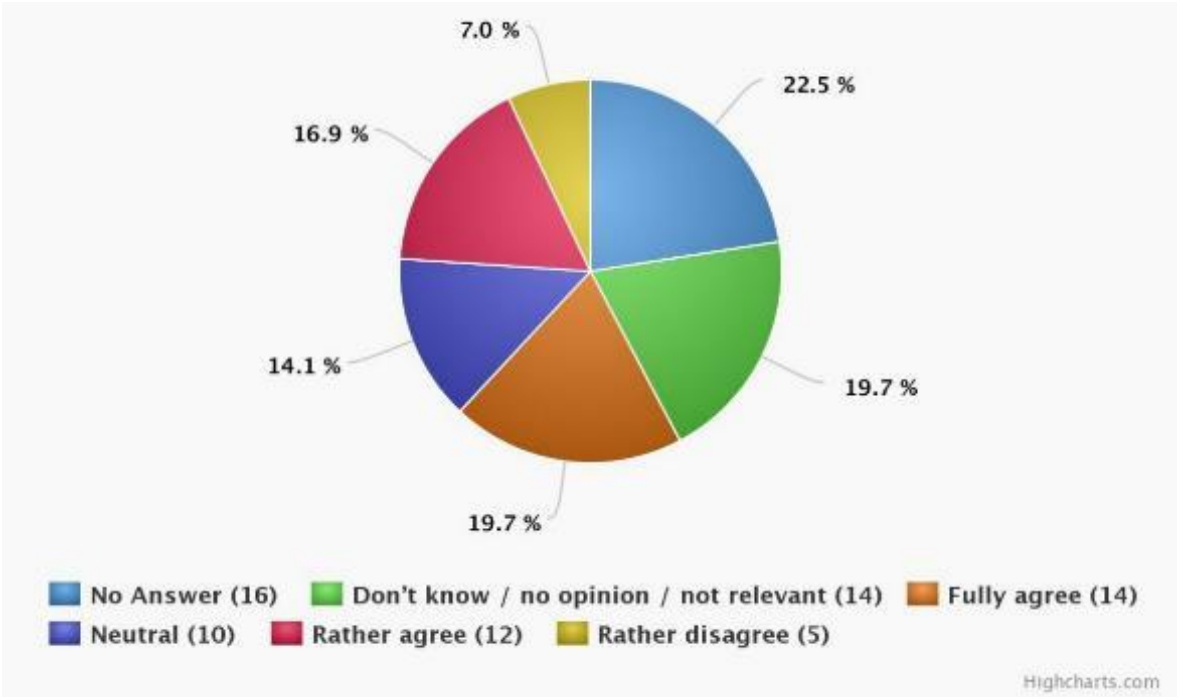
**Question 14. Please indicate whether you agree with the statements below: Regulatory alleviations should be restricted to:**



**Question 15. For each of the provisions listed below, please indicate how burdensome the EU regulation associated with equity and bond listings on SME dedicated markets is:**

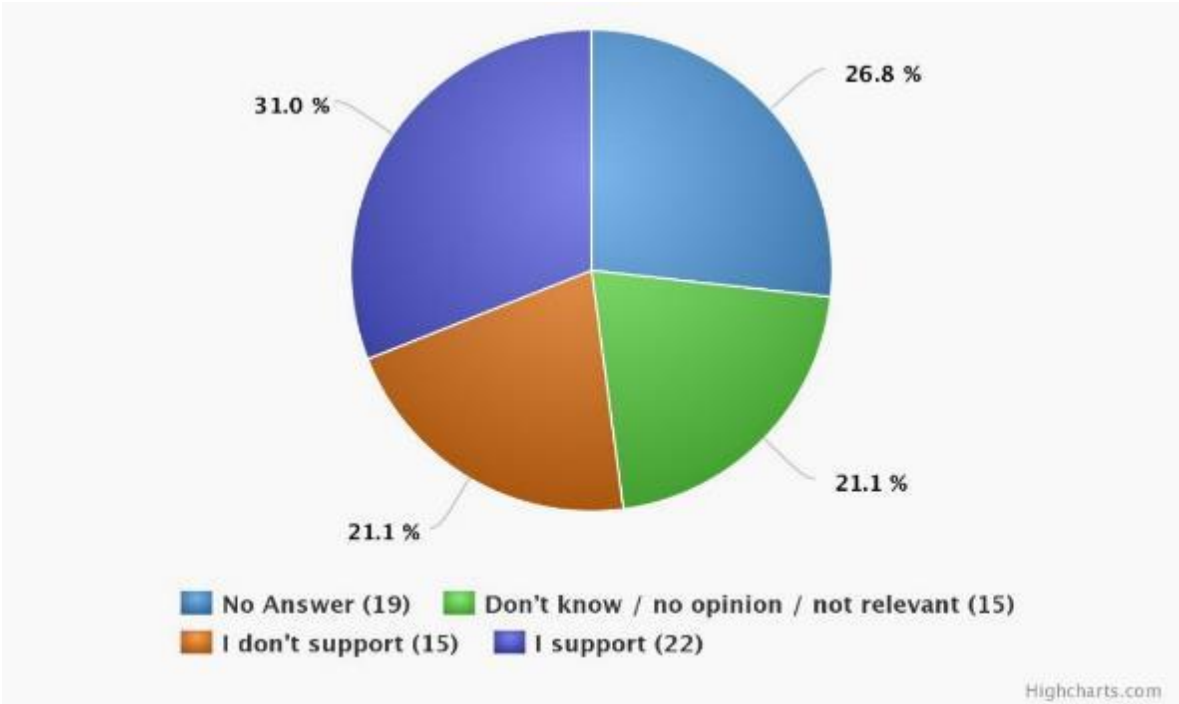


**Question 16. Does the management's transactions regime represent a significant administrative burden for SME Growth Markets issuers and their managers?**

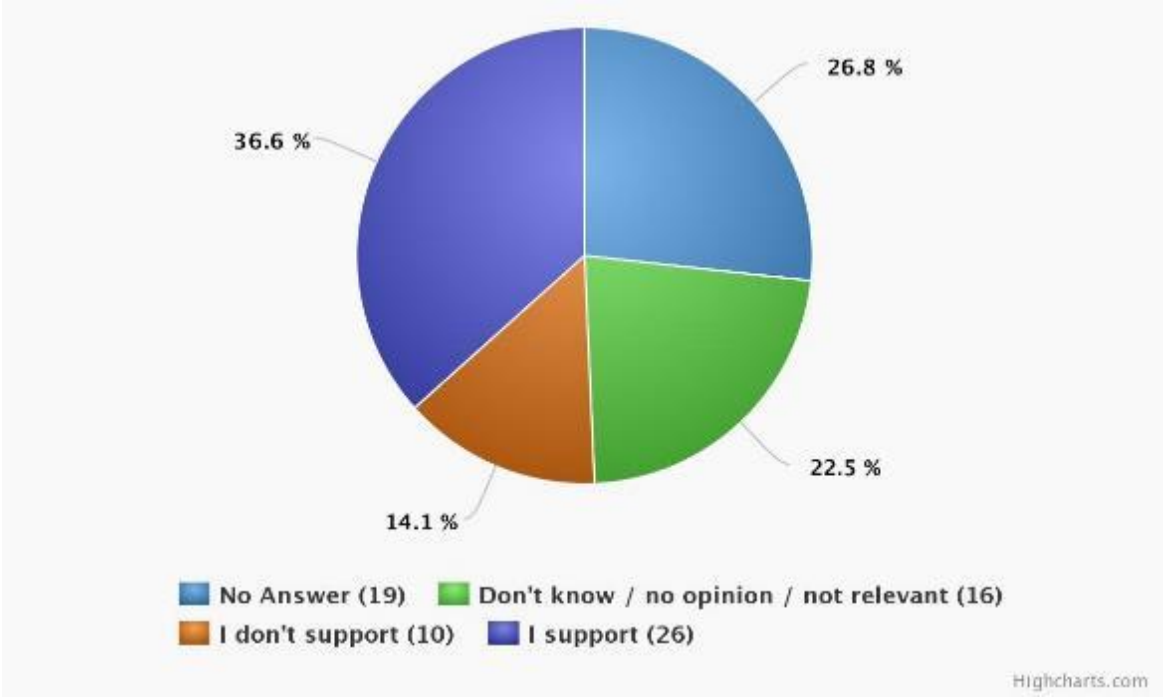




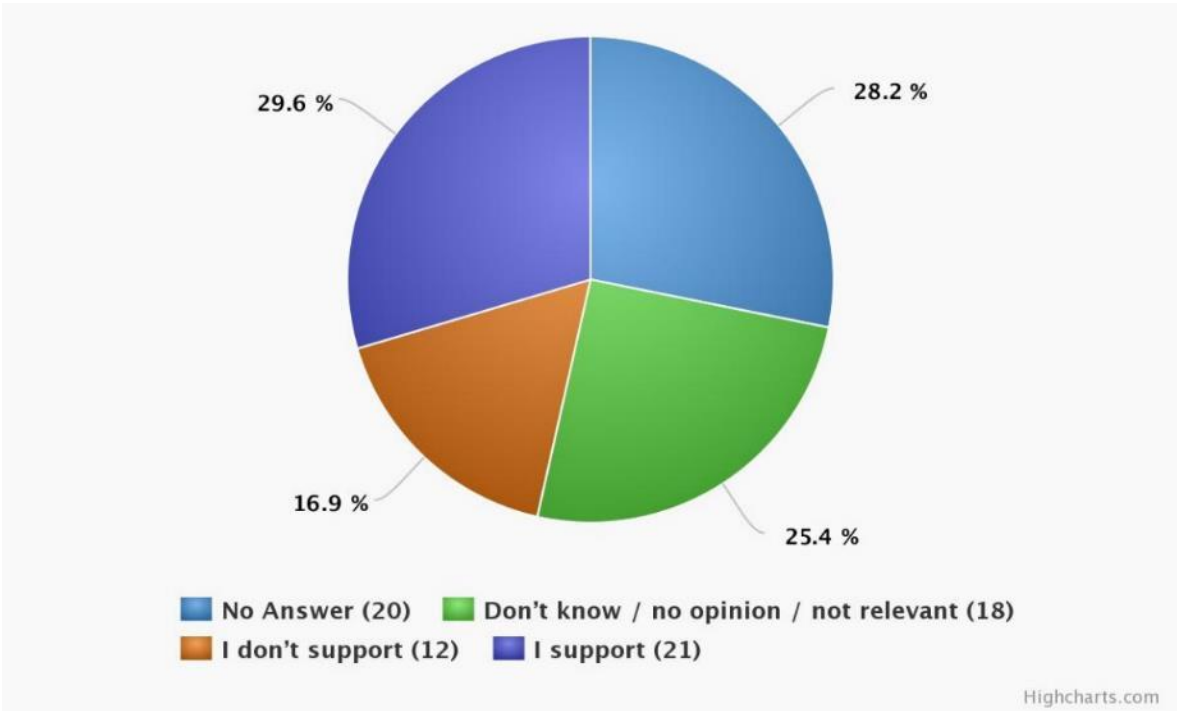
**17 a) The time limit (i.e. currently 3 days) for PDMRs and person closely associated to notify their transactions to the issuer should be extended**



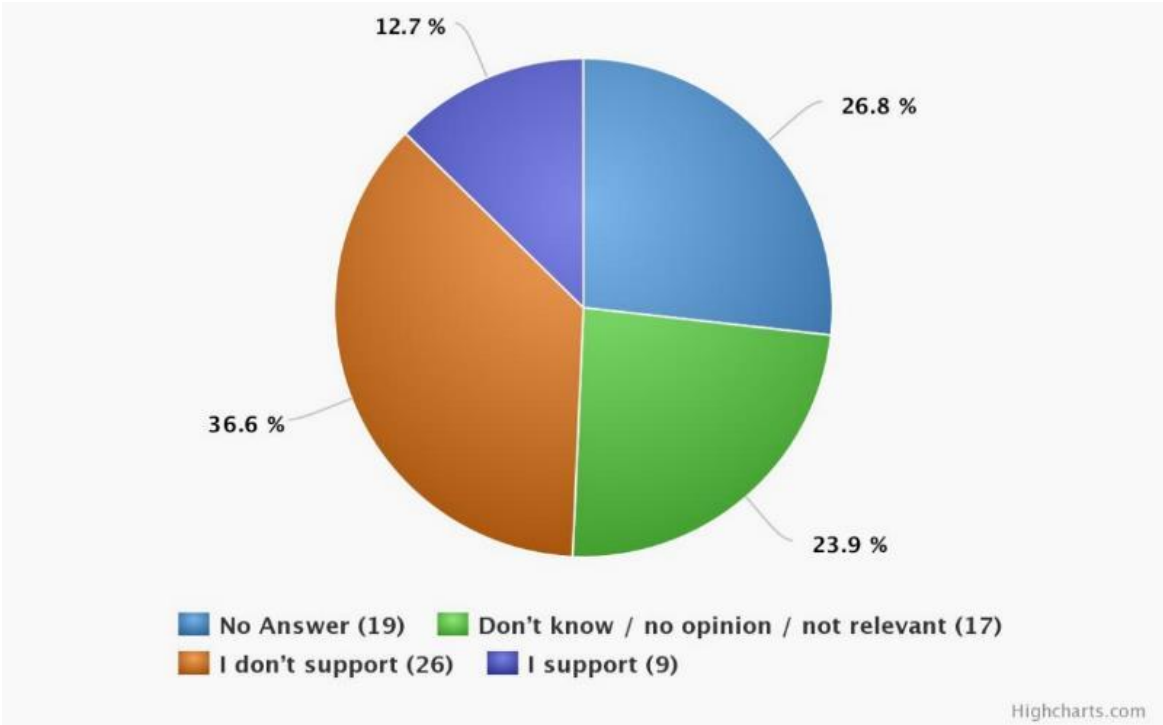
**17 b) The threshold (i.e. EUR 5,000) above which managers of SME Growth Markets Issuers should declare their transactions should be raised**



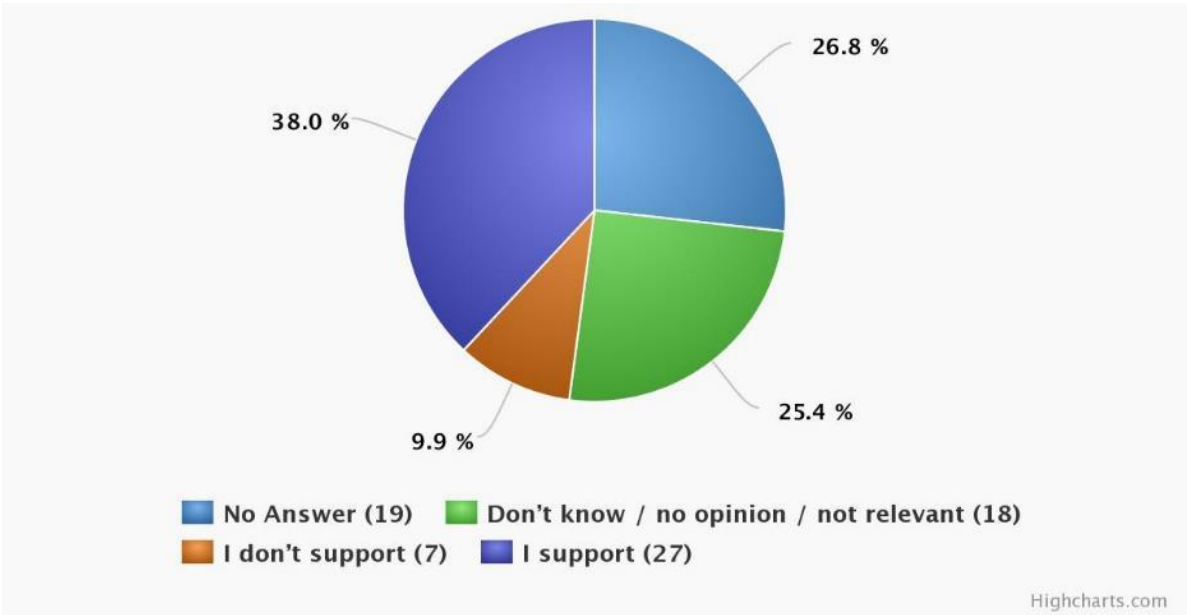
**17 c) The national competent authorities (NCA) should always be made responsible for making public the managers' transactions**



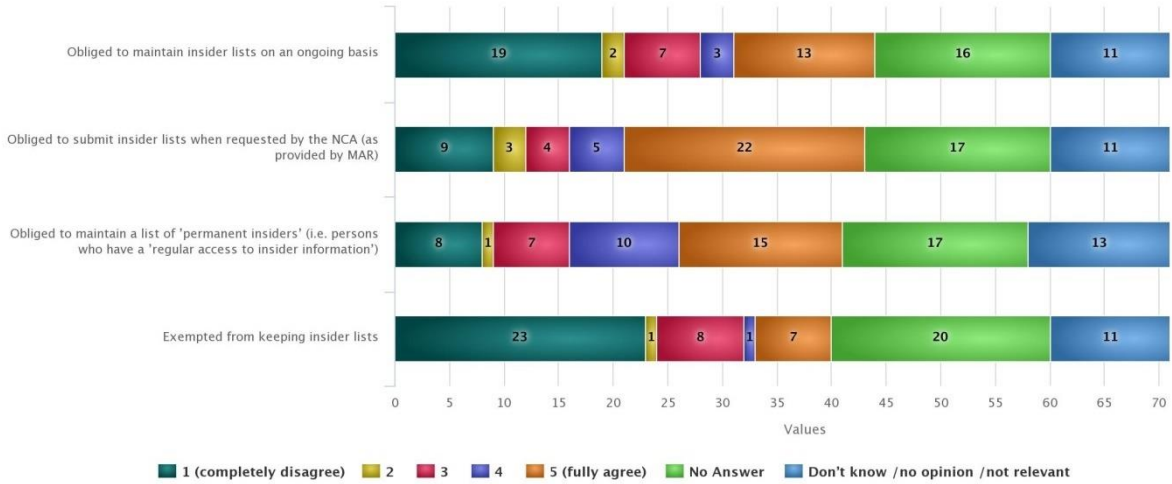
**17 d) The trading venue should be made responsible for making public the managers' transaction**



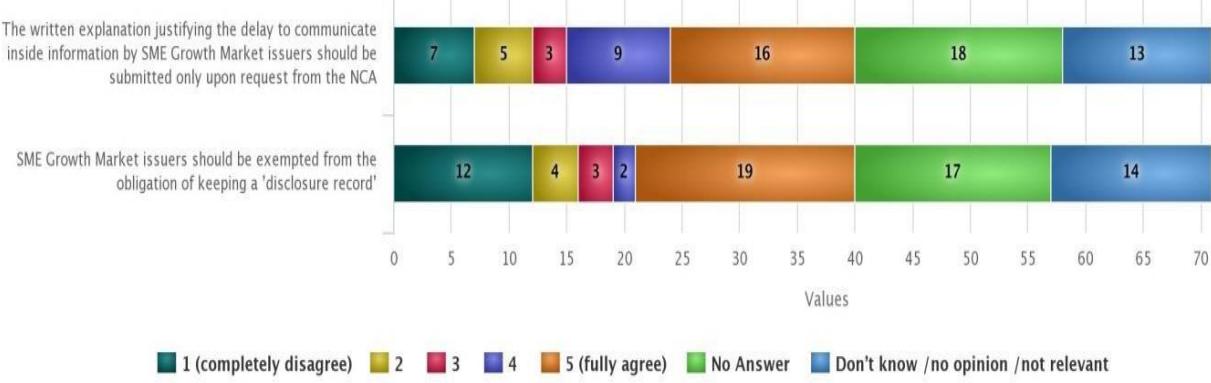
**17 e) The time limit for issuers to make management’s transactions public (or notify the NCA when the latter is made responsible for making the manager’s transaction public) should start as of the date the transactions have been notified to issuers (and not as from the date of transactions)**



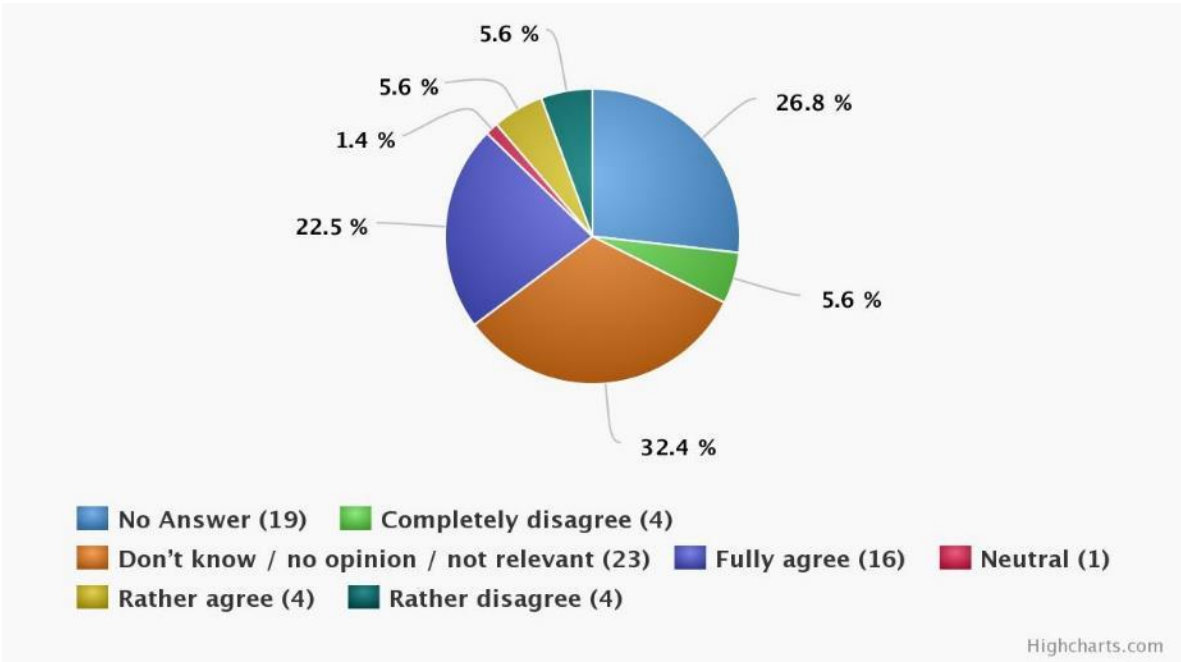
**Question 19. Please indicate whether you agree with the statements below: SME Growth Market issuers should be:**



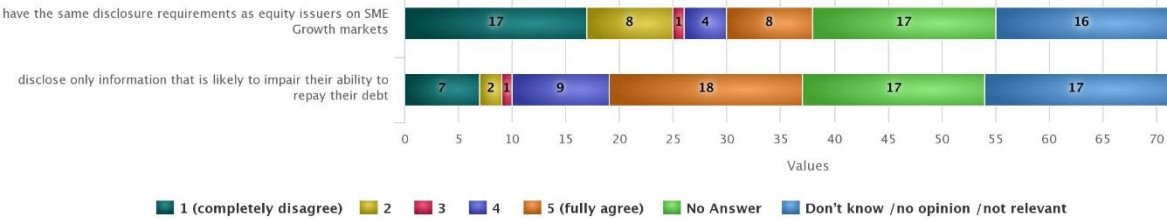
**Question 20. Please indicate whether you agree with the following statements:**



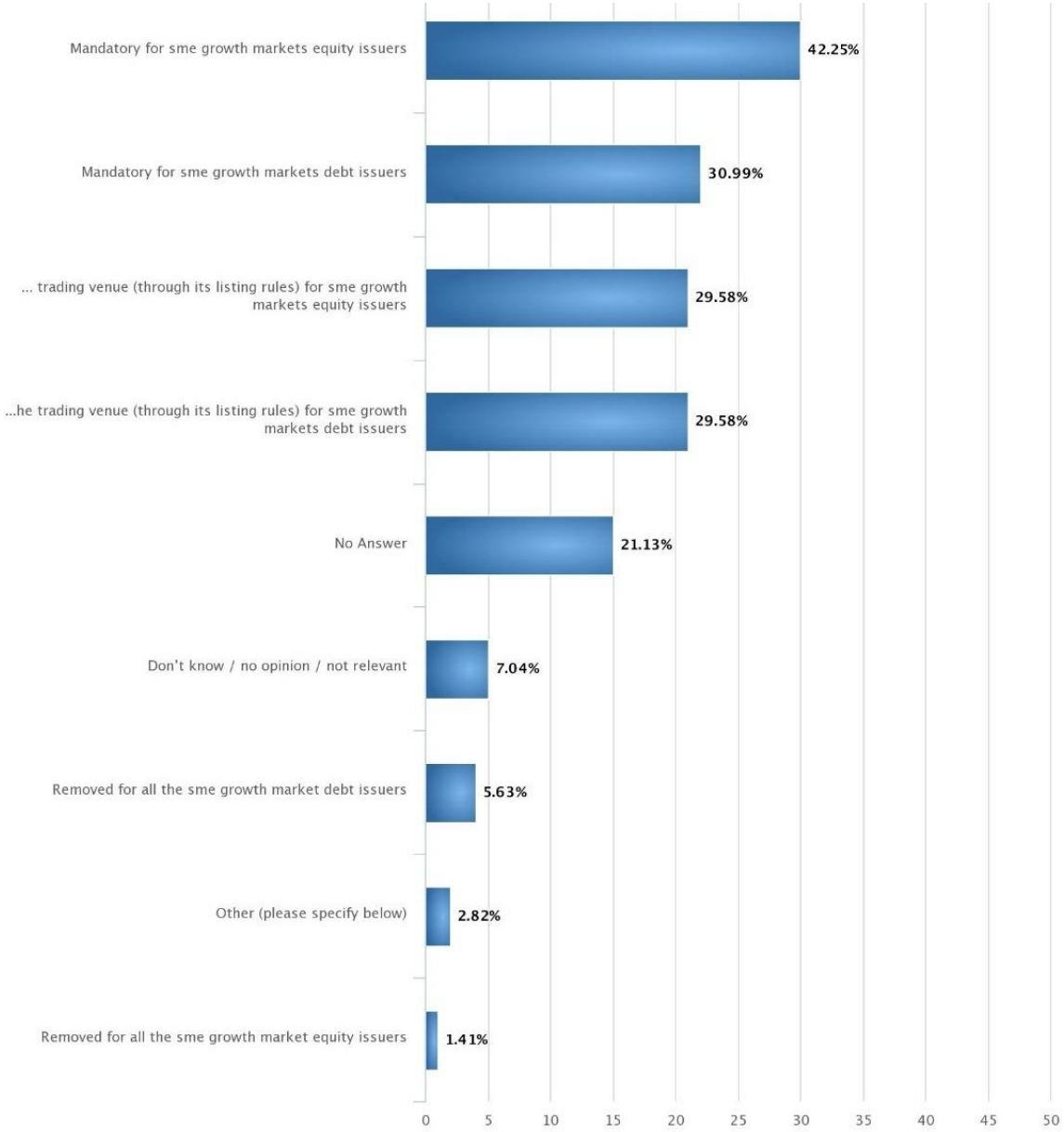
**Question 21. Should private placement of bonds on SME Growth Markets be exempted from market sounding rules when investors are involved in the negotiations of the issuance?**



**Question 22. Please indicate whether you agree with the following statements: SME Growth markets issuers that only issue plain vanilla bonds should:**

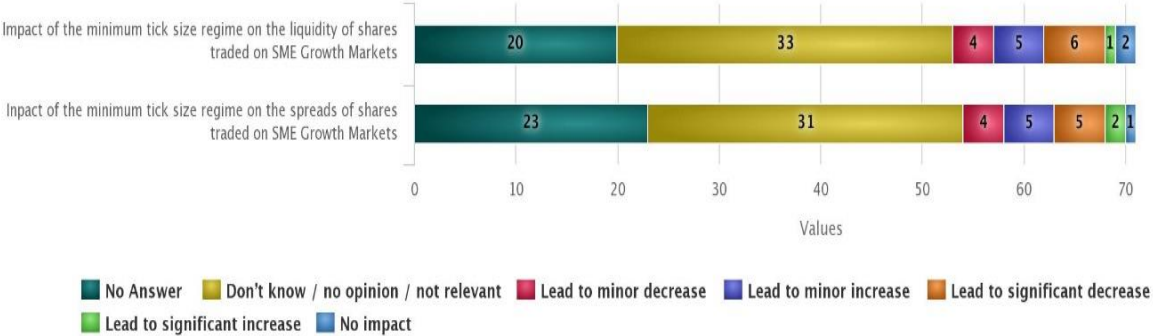


**Question 23. Should the obligation of SME Growth Market issuers to publish half-yearly report be?<sup>19</sup>**



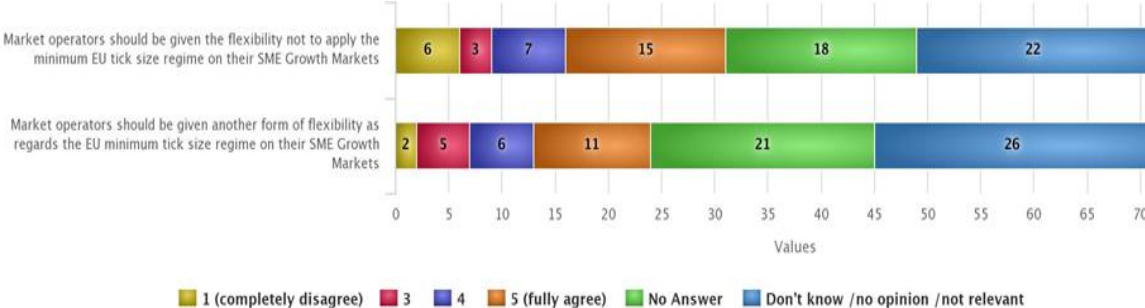
<sup>19</sup> Respondents could select multiple answers.

**Question 24. Which of the following options best reflect your opinion on the impact that the minimum tick size regime provided by MiFID II would have on the liquidity and spreads of shares traded on SME Growth Markets:**

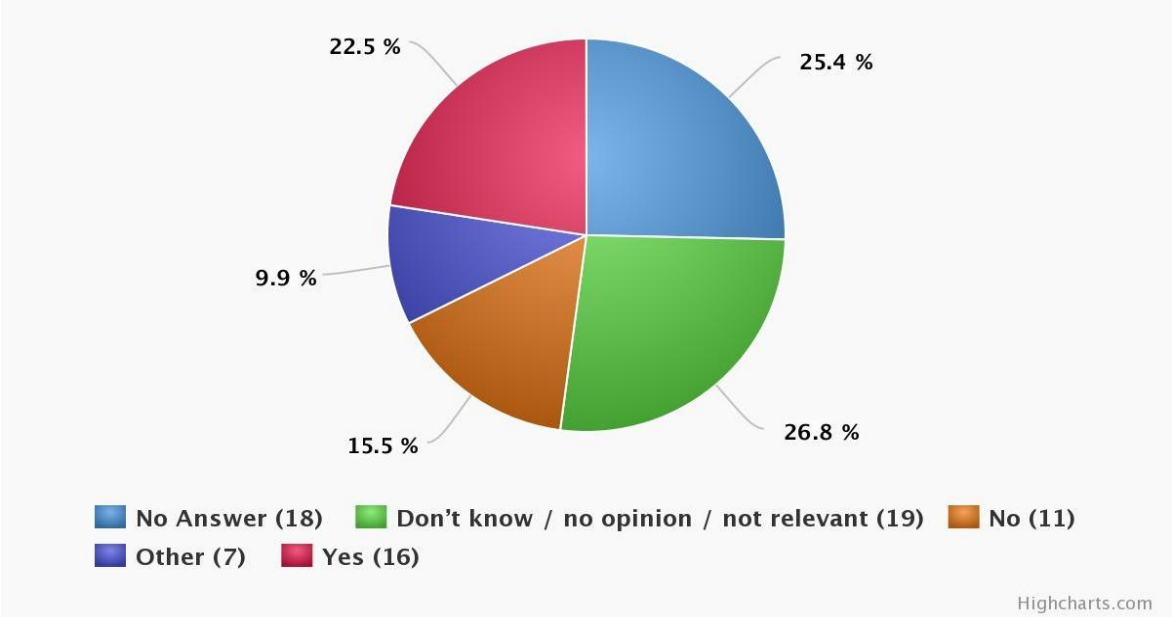


Highchart

**Question 25. Please indicate whether you agree with the following statements:**

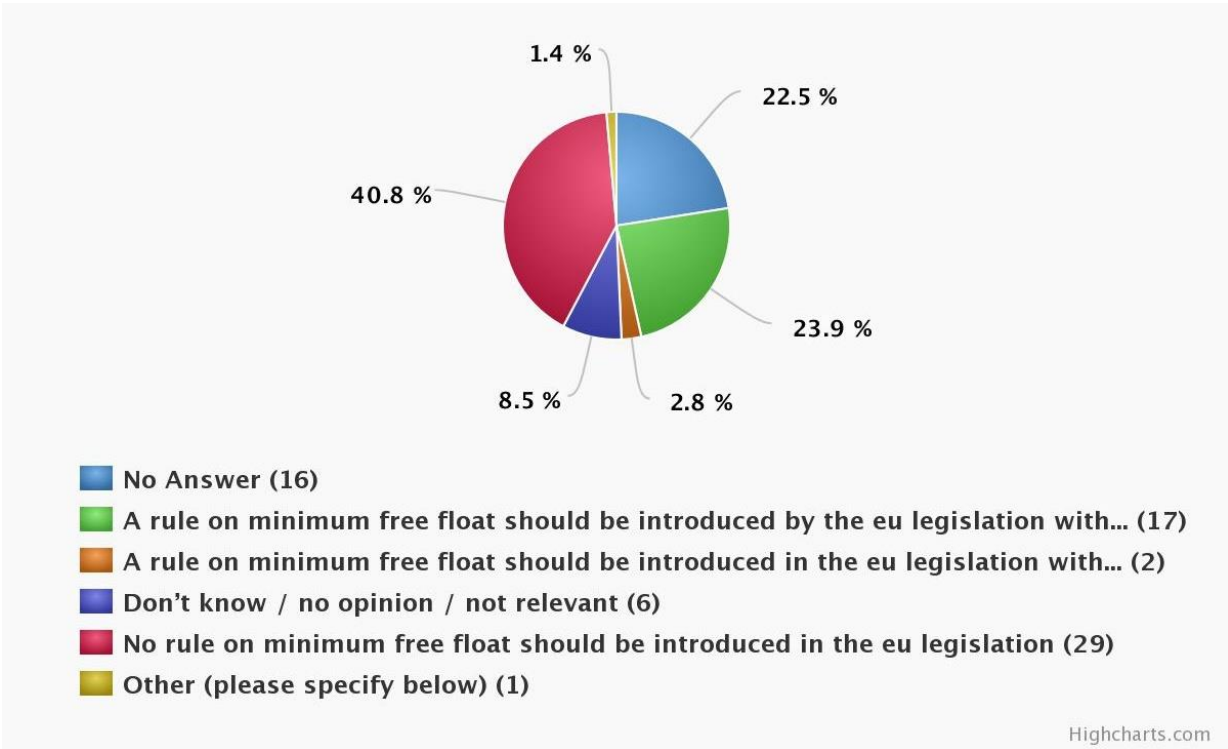


**Question 26. Building on the ESMA’s opinion ('Points for convergence in relation to MAR accepted market practices on liquidity contracts' in May 2017), would there be merits in creating an EU framework on liquidity contracts that would be available for all SME Growth Market issuers across the EU?**



Highcharts.com

**Question 27. Which of the following options best reflects your opinion on the application of a rule on minimum free float:**



**Question 31. Please indicate the areas and provisions where policy action would be most needed and have most impact to foster SME listings of shares and bonds on SME Growth Markets:**

