22 February 2022

Mr John Berrigan
Director General
Directorate-General Financial Stability
Financial Services and Capital Markets Union
European Commission
Rue de Spa 2
B - 1000 Brussels
Belgium

Ref: Euronext response to the European Commission's consultation on the Listing Act

Dear Mr. Berrigan,

Financing needs are unprecedented in the current post COVID-19 environment in Europe. First, because corporates are investing heavily to close the output gap generated by the crisis. Second, because they are financing capital-intensive transitions to more sustainable production and consumption models that will shape our economies for decades to come. It is therefore of paramount importance to facilitate access to deep, liquid and transparent public capital markets to channel capital efficiently towards European corporates.

From a structural standpoint, European finance is well into a deep transformation to move away from relying to a great extent on a single financial centre, the City of London, towards nurturing a group of more specialized, deeply interconnected and fully integrated financial hubs across the continent. Euronext gathers seven listing venues spanning the European Continent - Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo, and Paris - united by a single liquidity pool, enabled by a single order book, and powered by a single technology platform. Therefore, Euronext has a long track record of building a pan-European federal model connecting local economies to global markets.

Accordingly, Euronext welcomes the European Commission's initiative to open a consultation with a view to making public capital markets more attractive for companies in the European Union, and to further facilitate access to capital for European SMEs.

Simplification and harmonisation must be the overarching principles of our strategy. Important milestones were achieved with the latest Prospectus review. However, these developments are still recent. Changes to the rules must therefore be considered carefully to preserve the regulatory stability that is essential for market participants. With this in mind, Euronext is proposing some targeted changes to further simplify and harmonise rules via the proposed European Listing Act.

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In the same way that there is a single currency, a single market, and a single passport, we must have a uniform Prospectus at EU level. This is not a similar document. That is one single and identical document across all the Member States. This unique document should be limited in length at a maximum of 300 pages summary included, with a standardised format, that would be exactly the same across the 27 Member States. This would be akin to the S-1 form that companies considering an IPO in the United States must complete. This is the same S-1 form for companies incorporated in Massachusetts, California, Illinois, New York or Texas, even though corporate law is different in every State of the United States of America. We believe this unique Prospectus is essential to delivering further integration and ensuring the emergence of a tangible Capital Markets Union that delivers real benefits for the European economy.

We also propose amending the exemptions in the Prospectus Regulation to increase the scope of companies able to raise capital without having to draft a prospectus by distinguishing between primary issuances and further issuances of securities already admitted to a market. We encourage greater flexibility by allowing prospectuses to be drafted solely in English and propose streamlining the secondary issuance regime further. In addition, we highlight that more needs to be done for SMEs and suggest aligning the definitions of SMEs across legislation to €1bn market capitalization as this has become the market standard to define "unicorns". We also recommend simplifying the requirements in the Market Abuse Regulation.

Beyond the proposed changes in the rules, we believe it is essential to encourage an effective supervision that strikes the right balance between protecting investors and simplifying the process for issuers. In this regard, we believe that the European Commission must put in place a systematic "competitiveness test" to focus, before introducing new rules, on whether such new rules will weaken or strengthen European companies. Attention to unintended consequences must increase. We would also support the introduction of a competitiveness objective in the mandate of national competent authorities and the European Securities and Markets Authority (ESMA). This would reiterate that it is in our collective interest that the European Union benefits from strong, unified and competitive capital markets supported by European champions.

Furthermore, we believe that effective supervision requires strong supervisory convergence among national regulators. Such initiatives would help reduce market fragmentation and are indispensable for the development of an effective Capital Markets Union.

Yours sincerely,

Stéphane Boujnah
CEO and Chairman of the Managing Board
Euronext NV