

Press Release - Listing Act proposal is a welcome step to improve EU primary markets

The European Commission's proposal on the Listing Act is a positive start, ticking many of the right boxes - but policymakers must now close the gap with trading rules to realise the full potential of EU capital markets.

Brussels, 8th December 2022

FESE welcomes the European Commission's (EC) proposal to improve the European Union's (EU) listing ecosystem, as part of the latest [Capital Markets Union](#) package.

Strong capital markets play a key economic role as drivers of growth and wealth creation, and an attractive and vibrant listing and trading ecosystem is a prerequisite for this.

In a scenario of high indebtedness, we support the Commission's efforts to incentivise equity-based financing. Economies where market-based funding play a bigger role have greater environmental quality. Stock markets reallocate investment towards less polluting and more technology-intensive sectors¹. However, credit-intensive expansions tend to be followed by deeper recessions and slower recoveries².

This makes public markets a cornerstone of the architecture of EU financial markets and underlines the importance of exchanges for the whole value chain.

FESE appreciates the in-depth and horizontal proposals that the EC has tabled so to develop stronger market-based financing. In particular, FESE supports:

- The changes to the Prospectus Regulation, which should help decrease costs of public companies and make it easier for issuers to draw up a prospectus. While national competent authorities should remain in charge of scrutinising and approving prospectuses, the process will now be streamlined and simplified.
- Targeted changes to the Market Abuse Regulation (MAR) will enhance legal certainty, a step forward in making the system more proportionate for small and medium issuers.
- The introduction into EU law of an option for issuers to adopt multiple voting rights structures, such as dual-class shares. This will encourage companies to list without obliging owners to relinquish complete control of their companies.
- The higher threshold of market capitalisation, now EUR 10 billion, below which unbundling rules do not apply. Equity research is a vital tool to increase companies' visibility and should therefore be promoted through the already existing channels.
- The harmonisation of insolvency proceedings across the EU.

¹ Ralph De Haas and Alexander Popov, "Finance and Carbon Emissions," ECB Working Paper Series ([here](#))

² Òscar Jordà, Moritz Schularick, and Alan M. Taylor, "When Credit Bites Back," Journal of Money, Credit and Banking 45, no. 2 (December 1, 2013): 3-28 ([here](#))

FESE Director General, Rainer Riess, said:

“It is vital to have a common EU definition of SMEs aligned (at least) across MiFID II, Prospectus Regulation, ELTIF Regulation, EuVECA Regulation, and MAR.

To be successful in retaining our start-ups, appropriate changes to trading rules are vital so to address the fragmentation and complexity of our capital markets.

As two sides of the same coin, the Listing Act and the MiFIR review must come hand in hand in sharing the same objective to make listing and trading attractive again, to the benefit of investors and EU-global competitiveness.”

FESE President, Petr Kobic, said:

“Today’s announcement is a welcome step by the Commission to increase the attractiveness of listing, in turn bolstering Europe’s resilience and competitiveness, and encouraging an equity culture in the EU.

FESE supports attempts to address Europe’s dependence on debt and rebalance the scales more in favour of equity-based financing. We can still go further, though, and we encourage policymakers to be bold as this proposal continues through the process.”

Notes to editors:

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About FESE

The Federation of European Securities Exchanges (FESE) represents 35 exchanges in equities, bonds, derivatives and commodities through 16 Full Members and 1 Affiliate Member across 30 countries.

At the end of October 2022, FESE members had 8827 companies listed on their markets, of which 17% are foreign companies contributing towards European integration and providing broad and liquid access to Europe’s capital markets. Many of our members also organise specialised markets that allow small and medium-sized companies across Europe to access capital markets; 1676 companies were listed in these specialised markets/segments in equity, increasing choice for investors and issuers. Through their RM and MTF operations, FESE members are keen to support the European Commission’s objective of creating a Capital Markets Union.

FESE is registered in the European Union Transparency Register: 71488206456-23.