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# Commissione UE - Risposta consultazione in materia di Mercati dei capitali

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Assogestioni, the Italian investment management association[\[1\]](#), share the objective of the Commission to contribute to a wider research coverage for SMEs and increase their visibility for investors. The amendment of the current regime for research on small and mid-cap issuers with the introduction of an optional regime and a broader definition of an SME are positive steps forward. Available SME research stimulates institutional investors' interest in SMEs stocks and thus supports secondary market liquidity.

Assogestioni also welcomes the proposals to adapt the regime applied on research on fixed income instruments. We agree with the Commission's point that, as research costs on fixed income are not embedded in spreads, introducing the unbundling rules added to compliance costs and let to additional fees required to obtain research.

However, the proposed changes lead to challenges and several practical and interpretative questions. To avoid further regulatory complexity and drawback, we believe it is important to alleviate the administrative burden in the practical application, which could increase compliance costs and deprive the intended rule-change of much of its useful effect.

Finally, as this proposal alone may not have the expected impact, we support the Commission continuing its work to enhance the visibility of small and mid-cap issuers and to make public listing more attractive to SME. Among them a platform to promote SME research, the role of the issuer-sponsored and the pre-IPO research and the extension of free trials period.

## **Detailed comments on the proposal**

- **The optional regime.** We find valuable the optionality of the regime proposed. Asset managers should not be obliged to manage in parallel a bundled regime for SMEs and fixed income instruments and an unbundled regime for the rest of their assets in portfolio.
- **The definition of SME.** The proposal states that "the research is exclusively provided on issuers which did not exceed a market capitalisation of EUR 1 billion during a period of 12 months preceding the provision of the research" (Article 1(10)(a)).

As regards the size threshold, we support the higher amount of 1 billion, which captures more companies than the MiFID SME definition. However, a still higher threshold is advisable based on the market structure in several member-states. If the market capitalisation threshold is set too low, this could reduce the interest of institutional investors, given that they typically don't invest much into

very small cap names.

Regarding the timing of the threshold calculation, it is unclear how the determination should be made: referring to a specific point of time or to an ongoing (rolling) basis. This led to several practical and interpretative questions.

In order to minimize set-up costs and the regulatory burdens, and thus make the proposal more attractive, ESMA should be empowered to provide, and annually update, a list of qualified SMEs meeting their national threshold. The threshold should be assessed at the last (trading) day of the year and allow for new companies below the threshold coming to the market during the year.

- **The regime for fixed income instruments.** We support the Commission when it recognises that trading in fixed income instruments is fundamentally different from equity trading and bid-ask spreads did not change. With this in mind, we suggest to change the definition of “research” in recital 28 to make clear that “research” for the purposes of the unbundling regime described in article 13, is research on instruments capable of trading on a bundled basis, i.e. equities.

In any case, it is unclear how the requirement for the application of the derogation (Article 1(11)(a)) could apply to fixed income instruments. To facilitate implementation, we believe that this condition should only apply on research on SMEs. It should also be clarified that the reference to “fixed income instruments” implies that all research on issuers referring to fixed instruments fall within the scope of application.

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[1] Our members include UCITS managers, AIFs, portfolio managers and open-ended pension schemes. We represent the interest of all Italian investment managers and the majority of foreign investment managers operating in Italy, consisting in more than 60 investment groups managing assets in excess of 2.2 trillion Euro. The mission of Assogestioni is to promote growth and innovation in the asset management industry through the development of efficient regulation and market conditions and the promotion of high standards of investor protection. Since 1984 Assogestioni has been representing the interests of the industry towards institutions and market authorities, actively contributing to the debate on regulation at the domestic and European level. Assogestioni's ID number in the EU Transparency Register is 89046007765-76. For more information, please visit [www.assogestioni.it](http://www.assogestioni.it) [2].

Risposta al documento per la consultazione concernente “Capital markets – research on companies seeking alternative financing (updated rules in light of COVID-19)”

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