Assogestioni's response to the European Commission's consultation on … of XXX amending Delegated Directive (EU) 2017/593 as regards the conditions for the provision of third-party execution and research services to investment firms that provide portfolio management or other investment or ancillary services

Assogestioni[1] welcomes the opportunity to provide feedback on the European Commission proposal to amend Delegated Directive (EU) 2017/593.

The recalibration of the MiFID II framework on payments for investment research, as part of the Listing Act, is specifically intended to revitalise the market for investment research and support sufficient research coverage, in particular for small- and mid-cap companies. In this respect, the Level 1 reform seems to be designed to provide investment firms with greater flexibility in organising payments for execution services and research, including by removing constraints that could make separate payments unduly cumbersome. At the same time, the reform is not designed to weaken the core MiFID II safeguards: firms remain fully subject to existing duties of care, due diligence, governance and best execution obligations, as well as to the requirement to act in the best interests of their clients, beyond transparency considerations alone.

In this context, the Commission's draft amendments to Article 13 "Inducements on research" in Delegated Directive (EU) 2017/593 play a central role in operationalising the revised Level 1 regime**.** Their objective is to ensure consistent application across the Union and to enable firms to identify, with sufficient legal certainty, the requirements applicable to the different payment options, including separate payment for investment research - whether from own resources or via an RPA - and joint payment with execution services.

However, the current drafting raises significant concerns and introduces legal uncertainty and there is **a need for proportional calibration, particularly where research is funded entirely by the firm.**

In particular, in the absent of an explicit and continued clarification at Level 2, there is a real risk that the payment for research out of a firm's own resources may be requalified as an inducement within the meaning of Article 24 of Directive 2014/65/EU. Such an outcome would run counter to the underlying policy objective of the regime.

Moreover, the scope and applicability of the conditions set out in the draft Level 2 provisions of Delegated Directive (EU) 2017/593 remain insufficiently defined, giving rise to further interpretative and operational uncertainty.

Accordingly, Assogestioni puts forward the following targeted suggestions on key issues for the practical implementation of the reform, in order to preserve the differentiation among payment models envisaged at Level 1 and to avoid unintended effects where research is funded by the firm out its own resources. Specifically, we ask to:

[1] Assogestioni is the representative association of the Italian Investment Management Industry. Its members include Italian and foreign investment management companies operating in Italy, as well as banks and insurance companies involved in investment management, including pension schemes. Assogestioni's members manage assets of approx. 2,6 trillion euros as of October 2025.

1. expressly recognize that the research funded by an investment firm's own resources does not constitute an inducement, in line with current Delegated Directive (EU) 2017/593;
2. confirm that the scope of Article 13(10) is limited to client-funded research only;
3. clarify the scope of the conditions set out under the proposed Article 13(1)-(7).

1. Expressly recognize that the research funded by an investment firm's own resources does not constitute an inducement, in line with current Delegated Directive (EU) 2017/593

There is a strong need to overcome the current regulatory ambiguity regarding the classification of research payments from a company's own resources within the framework of inducements.

As is well known, Delegated Directive (EU) 2017/593 expressly clarified that payment for research by a company from its own resources did not constitute an inducement within the meaning of Article 24 of Directive 2014/65/EU. This provision responded to a well-defined rationale, based on the absence of any direct or indirect transfer of costs to the end customer and the consequent reduction of the risk of detriment to the latter.

In this context, the regulatory clarification also served an essential function of legal certainty, preventing divergent interpretations and inconsistent application at the national level.

Assogestioni notes that Listing act no contain any indications aimed at calling into question this principled approach. However, the failure to include, in the proposed amendments to Delegated Directive (EU) 2017/593, an express provision similar to the one originally envisaged has created a potential interpretative gap, which could be filled, at the implementation stage.

Therefore, we would suggest the following new paragraph:

> **01: "*Member States shall ensure that the provision of research by third parties to investment firms providing portfolio management or other investment or ancillary services to clients shall not be regarded as an inducement if it is received in return for direct payments by the investment firm out of its own resources as referred to in Article 24(9a), point (d)(i), of the Directive 2014/65/UE*";**

2. Confirm that the scope of Article 13(10) is limited to client-funded research only

In line with point 1. above, it should be confirmed that draft Article 13(10) of the Delegated Directive on the annual quality assessment - as currently formulated, including the "*irrespective of how investment firms pay for execution and research services*" wording and therefore also the separate research payment with the investment firm own resources - is intended to apply only where research costs are borne by clients (either via an RPA or through joint payments), and not where research is fully funded by the investment firm from its own resources.

Assogestioni recognizes the Commission's intention to ensure that the research used actually contributes to improving the investment decision-making process. However, we

believe that this provision must be interpreted and applied consistently with the principle of proportionality.

Article 24, paragraph 9-bis, letter (c), of Directive 2014/65/EU requires an annual evaluation of the quality, usability, and value of research, but this provision seem originally conceived in the context of as a functional safeguard to justify charging such costs to the end client. In firm-funded scenarios, the rationale for imposing a formalised annual assessment framework comparable to client-funded arrangements is materially reduced. In such cases, the cost of the research is not passed on to the client, and any inefficiency or inadequacy of the research falls exclusively on the investment firm, significantly reducing the risk of detriment to the end client.

In light of the above, Assogestioni calls on the Commission to clarify that, in cases where research is paid for with the company's own resources, the annual evaluation requirement can continue to be fulfilled through safeguards consistent with the general obligations set out in Articles 23 (Conflict of interest) and 24 (General principle and information to clients) paragraph 1, of Directive 2014/65/EU, without applying the same condition established for the Research Payment Account.

We therefore suggest amending the provision so that it explicitly refers only to cases where the cost of research is borne by the end client:

> *10. Member States shall ensure that,* ***where the cost of investment research is borne by the client,*** *irrespective of how investment firms pay for execution and research services, they base their annual assessment of the research, required under Article 24(9a), point (c), of Directive 2014/65/EU, on robust quality criteria enabling firms to objectively assess the quality, usability, value of the research and the ability of the research to contribute to better investment decisions. Member States shall ensure that investment firms take the necessary remedial actions where assessments reveal a lack of quality, usability, value of the research or a lack of contribution of the research to a better investment decision.*

3. Clarify the scope of the conditions set out under the proposed Article 13(1)-(7)

It should be clarified whether the specific conditions set out in Article 13, paragraphs 1-7, apply only where research is paid for separately from execution services through a Research Payment Account (RPA) or whether they are also meant to apply in situations involving joint payments for execution and research services, given that in both cases the economic cost of research may ultimately be borne by the client.

A systematic reading of the relevant provisions suggests that Article 13(1) to (7) is supported by the explicit reference to paragraph 1 in the definition of an RPA in Article 24(9a)(d)(ii) of MiFID II, which expressly refers to separate payment through an RPA. Paragraph 1 is then directly or indirectly referred to in paragraphs 2 to 9. This interpretation is further confirmed by the wording of the provision stating that *"Member States shall ensure that investment firms that choose to pay separately for execution and research services and that operate a research payment account as referred to in paragraph 1"*. The conjunction "and" links two cumulative conditions, indicating that the relevant requirements apply only where both the choice of separate payment and the operation of an RPA are present.

On this basis, where an investment firm opts for joint payments and the cost of research is borne by the end client alongside a transaction commission, the applicable requirements seems to be those set out at Level 1 for joint payment arrangements, together with the quality and governance requirements laid down in Article 13(10) of the proposed Level 2 provisions, rather than the full set of conditions applicable to RPA (paragraphs 1-7).

It would be essential to provide clarification to avoid uncertainty when evaluating the choice of payment method.