

EUROPEAN COMMISSION'S « HAVE YOUR SAY » ABOUT THE LISTING ACT PROPOSITION

AMAFI'S ANSWER

INTRODUCTION

Association française des marchés financiers (AMAFI) is the trade organization working at national, European and international levels to represent financial market participants in France. It mainly acts on behalf of credit institutions, investment firms and trading and post-trade infrastructures, regardless of where they operate or where their clients or counterparties are located. AMAFI has 170 members operating in equities, fixed income and interest rate products, as well as commodities, derivatives and structured products for both professional and retail clients. Nearly one-third of its members are subsidiaries or branches of non-French institutions.

AMAFI welcomes the reforms contained in the proposal and wishes to comment on certain points that deserve particular attention from its point of view.

Before going into the detail, AMAFI would like to point out that legislative stability is essential. In choosing which changes to make, a balance should be struck between the expected added value of these changes, which may be minor, and the readjustments they entail for the entities concerned, which may be significant. This is true even when the changes are aimed at easing a burden. Therefore, the analysis of the costs and benefits of some of the proposals leads us to conclude that these are not desirable (for example, the proposal to standardise the order of presentation of the different sections of the prospectus described below).

PROPOSAL TO AMEND THE PROSPECTUS REGULATION

AMAFI welcomes the exemptions to a prospectus as they are proposed in the amendments to the Prospectus Regulation. They provide necessary flexibility and do not lower investor protection. Issuers may also establish a voluntary prospectus.

Furthermore, the Association supports the proposal that the prospectus be published minimum 3 working days before the end of the offer (*art. 21.1 of the Prospectus Regulation*), instead of the current 6 days. Similarly, the Association supports the limitation of the length of the prospectus to 300 pages, as proposed by the Commission.

AMAFI is not in favour of the proposal to establish an order in the presentation of the different sections of the prospectus. This proposal does not meet the objectives of clarifying and simplifying the prospectus. On the contrary, it deprives drafters of any flexibility in the preparation of the document and prevents them from adapting it to specific situations that require it. Similarly, AMAFI is opposed to making incorporation by reference mandatory. It should remain optional.

Lastly, AMAFI does not support the proposal to add obligation to publish a supplement to the prospectus when the final offer price differs by no more than 20 % from the maximum price disclosed in the prospectus. Adding this requirement would imply a restriction on the terms of the offering, which does not fit with the simplification objective of all market stakeholders. The conditions for publishing a supplement to the prospectus as set out in Article 23 of the Prospectus Regulation, i.e. when there is a significant change to the information provided in the prospectus is sufficient and makes the addition of this paragraph unnecessary.

PROPOSAL TO AMEND THE MARKET ABUSE REGULATION

AMAFI is broadly in line with the European Commission's proposals to amend the Market Abuse Regulation. In particular, AMAFI welcomes the clarification of the scope of the safe harbour provisions for market soundings.

However, the Association is opposed to certain proposals. First, AMAFI believes that the proposal to change the general condition for deferring publication of inside information to an exhaustive list of conditions is not desirable. This proposal would create rigidity in a process that is essentially applied on a case-by-case basis.

AMAFI is also concerned about the cumbersome process of replacing ex post communication to the competent authority with ex ante communication of the decision to defer disclosure of inside information.

Furthermore, the Association is strongly opposed to the establishment of permanent insider lists. It could have very damaging consequences for the persons on such a list, who could be deprived of any possibility of carrying out personal transactions on a large number of financial instruments other than by entrusting a management mandate to a third party.

PROPOSAL TO AMEND MIFID II

About product governance, AMAFI considers it necessary to lift or reduce product governance requirements for vanilla financial instruments (such as simple bonds and shares), at least for SMEs. In particular as these products are intended to raise funds, not to meet investment needs, hence making the product governance rules ill fitted.

Regarding the proposal of the European Commission on research, AMAFI has two main comments. The unbundling exemption provided for by the Capital Market Recovery Plan for research issuers capitalizing up to 1 billion proved unable to reverse the negative trend in the production of research on small caps

mainly because of investment firm's reluctance in introducing a double invoicing system. As such, we doubt raising the threshold from 1 to 10 billion would reduce such reluctance and be sufficient to remove the barriers that currently prevent the production of an adequate level of financial research on SMEs.

However, AMAFI welcomes the proposal to recognise sponsored research as investment research, provided that it complies with a code of conduct endorsed by a competent authority or market operator. We believe this solution is a more suitable and feasible solution to promote research on SMEs, the French Charter being a perfect example.

