

ANNUAL REPORT 2018



EuropeanIssuers

Serving EU quoted companies

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FOREWORD BY THE CHAIRMAN



Luc Vansteenkiste

This year, we have witnessed many significant, often surprising political developments, both at the European and international levels. As stated by Juncker in his speech, 2018 is the “Hour of European Sovereignty”. The world today needs a strong and united Europe.

Looking to the future, 2019 will be the ‘decisive’ year for Europe. In 2019, the citizens of EU Member will go to the polls to select who will represent them in the European Parliament. EU institutions and politicians are already starting to prepare for the EU elections in May 2019.

The European Commission is rushing to finalise its ‘last proposals’ in this legislature. Brexit withdrawal talks continue to dominate debates in Brussels given the deadline of 29 March 2019 now looming nevertheless plenty of points remain open and uncertain. Given the importance and size of UK capital markets, Brexit withdrawal may have a major impact on EU capital markets, even though it may be an opportunity or a threat.

EuropeanIssuers’ team together with its members has worked throughout the 2018 trying to turn challenges into opportunities and channelling our efforts towards the EU policy makers, advocating for a better regulatory environment for European quoted companies (both small and large) and capital markets that are fit for purpose and serve the interests of its users, meaning companies and investors. The EU legislative process is lengthy and complex, but we have managed to achieve various regulatory improvements to the benefit of our members. I invite you to look at the policy section of this report for an overview of our policy work, successes and challenges. In 2019, we will continue to advocate our members’ interest regarding Company Law and Corporate Governance, Corporate Reporting, Sustainable Finance and Capital Markets Union.

If the European union wants to remain amongst the top economical leaders of the world, it has to build more than ever on its historical wealth, it means being different and united, carefully analysing best practices of each country system and build a new simplified and pragmatcal regulatory environment for our quoted companies.

Finally, I would like to express my deep appreciation for EuropeanIssuers’ members valuable contribution and dedication in building a better regulatory environment that helps companies flourish, innovate and create jobs across the EU and beyond. It is only by joining our forces and acting together that we can make a change and contribute to building a better Europe that delivers!

MESSAGE FROM THE SECRETARY GENERAL



Florence Bindelle

The world is torn by the rise of populism and Europe is on the brink of a major deadline. 2019 will be a decisive year. The situation is serious because the crisis of confidence our societies are going through is putting into question the political and economic authorities, the governance bodies. The situation is unique, and the world is experiencing an unprecedented moment.

It resides more than ever in Europe, and particularly in our companies, to design “better” regulation as the condition of our future for a better world and trusted Europe. Regulation must be the pillar of change on which to build this trust. In 2018 we saw an improvement and companies were geared towards growth, but the member states keep looking at themselves first. In this context our companies need to adapt rather than disappear in front of competition. They are reviewing their business model as to which product, what mission, what contribution and added value they provide.

Executives are subject to the maintenance of complex performance, investor expectations and the independence of their companies. The company must be resilient to understand the world and be understood by it. Brussels plays an important role in creating an environment in which European companies can innovate and ensure competitiveness.

Once again, 2018 has proven to be a very busy and productive year for European Issuers. The association continues to be recognised for its excellent advocacy work, intelligence gathering and networking opportunities. With the launch of the Advisory Council, we foster the dialogue of European leaders to design Europe’s future drivers of change and articulate the proper framework in which companies can find the means and the environment to develop their businesses.

We have addressed our main priorities which are: The Capital Markets Union Action Plan, the Shareholder Rights Directive, the Sustainable Finance Action Plan, the SME’s Growth Markets and the Prospectus Regulation.

Providing an environment wherein companies can access finance at different stages of growth remains a priority. We have been encouraging a regulatory environment friendly to IPOs and to all companies. In that respect, in November 2018, we held the sixth edition of the European Small and Mid-Cap Awards ceremony which recognises successful IPOs. We participated in the Invest Week, a series of events focused on the role of investment in the European economy in Brussels.

Members gained knowledge and experience through our website as a source of privileged access to information and to contribute to our work. The number of companies on the European Issuers Mobile App, “IssuersHub”, to publish and distribute company’s regulatory information has increased.

2019 will be a busy and very challenging year. The Union is facing unprecedented times and will shape its future decisively. Our intention is to better serve issuers’ interests with an ever-growing objective of strengthening the dialogue between business and politics.

I look forward to a bright 2019!

Our Mission

EuropeanIssuers is the voice of European quoted companies towards the European institutions and, by monitoring, reviewing and influencing new regulations in the field of financial markets, corporate governance and company law, we insure that companies' views are heard by decision makers.

Our Strengths

- **Profound knowledge of both financial markets and companies**

With our network of national experts analysing the implications of financial market regulation for the non-financial corporates, we have expertise in company law and corporate governance, and their interconnection with financial regulation. We draw from the expertise from different functions within companies, i.e. directors, company secretaries, investor relations representatives, and chairmen, among others.

Our committees and Working Groups provide a platform for discussion, exchange of information and networking among companies and associations from different EU countries.

- **Representing the real economy**

Our national member associations have a majority of their country's market capitalisation in their own membership and thus have a strong base in the real economy.

- **Practical knowledge of the EU structures**

Through our representative office in Brussels and our national member representatives with strong links to national governments in the Council of the European Union and to their national MEPs, we have established a wide network of contacts in Brussels. We follow EU legislative processes closely in order to keep members informed and provide timely briefings to the EU institutions.

Our Long-Term Vision

EuropeanIssuers' vision is to be a major contributor to the organisation and competitiveness of EU capital markets. Thanks to an adapted regulatory environment and a better access to finance European quoted companies, notably SMEs and mid-caps, will be able to better compete globally and deliver growth and jobs.

PART I: ACTIVITY REPORT

For EuropeanIssuers, 2018 has been a year of great achievement.

19th of April: EuropeanIssuers was one of supporting partners of the 22nd European Corporate Governance Conference organised by EY, endorsed by the Bulgarian Ministries of Finance and Justice, and was set up under the auspices of the Bulgarian Presidency of the Council of the European Union.

30th of November: Luc Vansteenkiste spoke at “The Future of Corporate Reporting in a Digital & Sustainable Economy” conference organised by the European Commission.

4th of December: The Small and Mid-Cap Awards ceremony co-organised with FESE and the European Commission was a huge success in promoting successful listings. 5 companies have been awarded from eight different countries.

4th & 5th of December: To celebrate its 10-year anniversary, EuropeanIssuers organised its Capital Markets Forum. The very positive feedback received indicated great appreciation for the high-quality speakers and topics (such as Shareholders Rights Directive and Corporate Reporting), as well as the networking opportunities. The first high-level Advisory Council (AC) was also held on 4 December 2018. With 17 attendees and a great venue, the Advisory Council was a success.

14th of December: EuropeanIssuers partnered alongside with the Quoted Companies Alliance and Middlednext in this year’s 9th IR Summit hosted by Kepler Cheuvreux in Paris.

With the objective to reinforce our communication, we reinforced the value proposition to members with new services and enhance our communication. In June, we launched the New and innovative tool with IssuersHub Mobile App.

EuropeanIssuers increased its awareness towards the Press and its presence on social media through numerous press releases, newflashes, tweets and articles.

Overall our performance indicators are:

- ✓ High profile speaking engagements
- ✓ Improved communication of policy objectives and achievements
- ✓ Increased social media presence
- ✓ Coalition and relationship building with various stakeholders
- ✓ Development and publication of high quality and relevant position papers

Reports from Committees

Policy Committee

The Policy Committee provides a high-level overview of main EU regulatory developments of interest to publicly quoted companies and of EuropeanIssuers' advocacy work and provides for a platform to discuss lobbying actions and strategy. The work of the Policy Committee is supported by several [working groups](#) set up to respond to specific policy issues and chaired by experts from our member companies and associations. The working groups streamline members' expertise and deliver detailed position papers.

In 2018, the European Institutions kept us very busy with various legislative files, both at level I and level II. Throughout the year, the Policy Committee held five meetings, three in Brussels, one in Sofia (Bulgaria) and one in Barcelona (Spain), hosted by Emisores Españoles. The meetings offered an opportunity for members to participate in interesting discussions with EU policy makers on topics of interest to them.

The Policy Committee Chairwoman, Odile de Brosses, Legal Director at Afep, and the chairs of the working groups have been involved in our lobbying actions. We thank all members who contributed to the progress we have achieved by working together towards our goal of creating a more favourable regulatory environment for publicly quoted companies in Europe.

Looking forward to continuing our advocacy on:

- the EC's Action Plan and proposals on Sustainable Finance;
- alleviating EU Corporate Reporting Requirements (both for supervisory purposes and reporting towards investors);
- The revised guidelines for the Remuneration Report in the context of revision of the Shareholders Rights Directive;
- creating a better regulatory environment for small & mid-cap companies (including SME Growth Markets);
- the revision of Market Abuse Regulation;
- fit for purpose Prospectus rules (Level II measures);
- on the proposal for public Country-by-Country reporting of certain tax information;
- ensuring that Capital Markets Union delivers for companies;
- Supervisory Reporting
- Company Law Package

EuropeanIssuers will also continue facilitating exchange of information on topics of interest to our members, including sharing details of implementation of EU rules in different countries and discussing concerns.

Smaller Issuers Committee

In 2018, the EuropeanIssuers' Smaller Issuers Committee met four times, debating and sharing information on EU and national developments affecting smaller publicly quoted companies and their access to public markets. During the meetings, we had interesting discussions with EU and OECD officials. Out of the four times the Committee met, one meeting was in Paris (France), one meeting was in Sofia (Bulgaria) to align with the Presidency, one meeting was in Berlin (Germany), and one meeting was held in Brussels (Belgium). Topics discussed by the Smaller Issuers Committee in the year 2018 were:

- The EC proposal on the SME listings package;
- The EC consultation on building a proportionate regulatory environment to support SME listing;
- The EC consultation on SME definition;
- The impact on research for SMEs of MiFID II provisions;
- The revision of the Market Abuse Regulation (MAR);
- Raising awareness of the European Single Electronic Format
- The EU Corporate Governance Code for small and mid-cap quoted companies;
- The OECD Reports on Proportionality and Flexibility and equity markets in Asia;
- Review of the Italian capital markets performed by the OECD;
- An exchange of views on national & EU developments, including a recent revision of the QCA's Corporate Governance Code, and possible corporate codes revisions in Italy and in Spain;
- An exchange of views on national & EU developments particularly on a set of guidelines developed by the Polish Issuers Association to help companies comply with the Non-Financial Information Directive (NFRD);

The Smaller Issuers committee meeting in December was aligned with the European Capital Markets Forum, celebrating the 10th anniversary of EuropeanIssuers which provided both a forward looking and a retrospective overview of the EU regulatory developments while offering a platform to exchange views. The European Capital Markets Forum also coincided with the [6th edition of the EU Small and Mid-Cap Awards Ceremony](#), showcasing Europe's most successful IPOs as well as promoting public capital markets. EuropeanIssuers cooperates with the EC (DG GROW) and the Federation of European Securities Exchanges for this annual event.

EuropeanIssuers will continue to facilitate the exchange of information on topics of interest to our members by sharing details of implementation of EU rules in different countries and discussing issues related to smaller issuer concerns.

2018 Policy Priorities

EuropeanIssuers Priorities are defined according to members expectations and the EU regulatory agenda. Along those lines, the 2018 priorities were Emir Refit, Shareholders Rights, SME Growth Markets, Sustainable Finance, Corporate Reporting and SRD II (Level II).



I. High Priorities

EMIR - European Market Infrastructure Regulation Review

1. Background

In 2017, the EC published two proposals to review the existing EMIR Regulation (in force since 16 August 2012), which regulates the reporting, clearing and margining of derivative transactions. In May, the EC proposed a first set of amendments to EMIR, so called [EMIR "Refit"](#), aimed at simpler and more proportionate rules on Over the Counter (OTC) derivatives that will reduce costs and burdens for market participants, without compromising financial stability. In June, a second set of amendments to EMIR was published, focused at enhancing the supervision of third country central counterparties (CCPs) and make the supervision of EU CCPs more coherent.

2. EuropeanIssuers Position and Actions ([Position on the Commission Emir Refit Proposals](#))

In our position we advocated for the following issues:

- **To maintain the corporate hedging exemption from the clearing threshold.** The aim was to ensure that the current exemption is maintained, to increase participation in clearing while

recalculating the clearing threshold and to allow develop distinct thresholds for Non-Financial Companies (NFC) and Financial Companies (FC).

- **To have a single sided reporting regime as a burden relief for non-financial counterparties.** In order to allow it should:
 - provide for a clear liability shift to the FC regarding the accuracy of the reporting. This provision was included in the Council proposal.
 - include an option to continue the dual sided reporting. This was included in the Council proposal.
 - oblige 3rd country FCs to register with ESMA which provides a solution to the problem of how to ensure that 3rd country FCs report on behalf of their EU counterparties. This was not included in the Council proposal.
- **To exempt Intra-Group Transactions from the reporting obligation.** The definition of intragroup transactions should not only cover all transactions within a group worldwide, but also include cases where there is an FC within an NFC group.
- **To ensure asset by asset class clearing aligned with collateralisation obligation.** NFCs are subject to the clearing obligation only about the asset class or asset classes that exceed the clearing threshold, specifying that the clearing obligation is aligned with bilateral collateralisation.
- **To ensure regulatory consistency between EMIR and other pieces of legislation such as MiFIR & MiFID II.**

EuropeanIssuers advocacy has focused on the EMIR Refit proposal, which is an important step forward in relieving burdens for businesses which use derivatives to manage their commercial and financing risks. EuropeanIssuers believes that this review, if properly done, will **create a proportionate reporting framework in the EU** without impairing data quality for supervisors.

Since December 2016, we have been engaging in the debate with the EU institutions, engaging and helping to achieve the best outcomes for the industry, while also ensuring safety of the financial system. Our dedicated Working Group, chaired by *Dr Vittorio D'Ecclesiis, Vice President of Risk Control and Financial Systems at ENI (Italy)*, has produced several position papers, advocated at many meetings with the key EU officials (from the EC, EP and the Council). We have joined forces with the European Association of Corporate Treasurers (EACT) and US Coalition of Derivative End Users, to achieve better results for the non-financial companies.

The trilogues started on 4 July, and there was a political trilogue on 28 November, a day after the Council's technical working group. Several meetings of the coalition (EACT, US Coalition of Derivative End-Users, EuropeanIssuers), with the active participation of Assonime, Afep and Deutsches Aktieninstitut, took place since July allowing the Secretariat to monitor the direction of the discussions.

3. Achievements and state of play

Thanks to the close cooperation with our members and joint efforts within the coalition, both the [text](#) agreed by the Council in December and the [draft report](#) in the EP (rapporteur Langen-EPP, DE) published in January 2018, included substantial improvements compared to the EC text.

In December, all Member States delegations agreed on the text by silent procedure, however the exact content of the compromise text remained unclear.

Regarding the progress of the trilogue meetings, as of December 2018, EuropeanIssuers has managed to secure the compromised text maintaining the Corporate Hedging Exemption from the clearing threshold. We are anticipating positive outcomes for the trilogue discussions scheduled for 2019 concerning intra group transactions and single sided reporting.

Shareholder Rights Directive

1. Background

Following a lengthy legislative period of three years, the revised [Directive](#) entered into force on 9 June 2017 and shall be transposed in all EU Member States by 10 June 2019. The new rules were proposed to address investors' short-termism and shortcomings in corporate governance of listed companies which were exposed by the financial crisis and created strong social and political criticism. Among the hot topics were serious impediments to the exercise of shareholders' rights, excessive short-term risk taking by investors and fund managers, and directors' pay which was perceived in case of some companies as excessive and not sufficiently justified by performance. The SRD II tries to address these and other issues while aiming to strike the right balance. The overall goal of the revised Shareholder Rights Directive has been to contribute to the long-term sustainability of the European companies, enhance the efficiency of the chain of intermediaries and to encourage long-term shareholder engagement. The main new requirements cover identification of shareholders, transmission of information between companies and investors, facilitation of exercise of shareholders rights, remuneration of directors, transparency for institutional investors, asset managers and proxy advisors and related party transactions.

2. EuropeanIssuers Position and Actions

- Implementing Acts on SRD

Since 2013, EuropeanIssuers has been actively engaging on the revision of the Shareholder Rights Directive (SRD II). EuropeanIssuers main achievement is the right for companies to identify their shareholders enshrined in the EU law. EuropeanIssuers also welcomed the flexibility left for the Member States regarding more detailed provision on disclosure of directors' remuneration and related party transactions.

The EC launched a [consultation](#) on its draft implementing acts and on 3 September 2018, and published the [implementing regulation](#) laying down the provisions regarding shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights in line with the revised Shareholder Rights Directive (2007/36/EC).

- Remuneration guidelines

Since the beginning of 2018, EuropeanIssuers has been liaising with members regarding the "internal" draft implementing acts discussed by the EC Corporate Governance Expert Group (expert group). This expert group is to advise the EC on the guidelines on remuneration. The expert group looked at guidelines in April/May. Meanwhile, EuropeanIssuers' Corporate Governance Working Group started discussions on a EuropeanIssuers' proposal to advise the EC and influence the discussions within the expert group.

On 7 June, EuropeanIssuers finalised its [proposals](#) intended to help the EC develop the guidelines on remuneration of directors, also prescribed by SRD II. On 19 June, EuropeanIssuers met with the Company Law Unit at the EC to discuss the proposals. The following day, the EC discussed the proposals with the expert group.

Dr Kaum represented EuropeanIssuers' interests in this EC expert group.

On 24 September, EuropeanIssuers Corporate Governance WG was reconvened to discuss further steps regarding our [proposals](#) intended to inform the EC in their work on the guidelines on remuneration report. The guidelines can be expected to be published around Q1 or Q2 of 2019. EuropeanIssuers will continue to follow the progress on the guidelines into 2019 and reinforce the non-binding nature of those guidelines.

3. Achievements and Next Steps

Regarding the implementing act on SRD, the key achievements are:

- Standardised message formats
- Shareholder ID: issuers' access to all intermediaries and shareholders
- LEI for legal entities and specific identifiers for physical persons required - issuers can get the full address and name of the shareholder
- Complete alignment with the General Meeting standards
- Mandatory proof of entitlement to exercise shareholder rights
- Confirmation of votes:
 - Vote receipt only a confirmation that votes have been received in the custody chain
 - Vote confirmation: we argue that can only be issued if the shareholder is identified
- Minimum security requirements: intermediaries must ensure security and verification of the information of the shareholder.
- The cost issue is left to the national legislator.
- There is a buyer protection deadline first time appearing in EU legislation - until a certain date, shareholders will have a certainty to participate in Corporate Actions (may participate in dividend payment, rights issues, share spilt etc.).

Better regulatory environment for small & mid-caps

1. Background

With the aim of facilitating access to capital markets for smaller companies, in the second half of 2017, the EC started working on the initiatives leading towards the so-called EU 'Small Listed Company Act'. This Omnibus proposal contained a series of regulatory adjustments with the following objectives:

- to make a success of the 'Small and Medium Enterprises (SME) Growth Market' concept, a new category of Multilateral Trading Facilities ('MTF') created by MiFID II, as of January 2018.
- to identify areas where the administrative burden placed on SMEs listed on SME Growth Markets can be lightened, while maintaining a high level of investor protection.

- to revive the local ecosystems (i.e. the network of specialist services providers, such as the brokers) surrounding the exchanges and that support listed SMEs.

The EC highlighted that due to the resistance from certain Member States, SMEs listed on regulated markets should remain outside the scope of this exercise. Meaning, it will be strictly confined to SME Growth Markets and companies listed on those trading venues.

In terms of non-legislative measures to fix Europe's broken IPO pipeline, the EC intended to:

- assess the impact of MiFID II rules on SME and fixed income investment research. The tender was won by RISK CONTROL Limited and the study is expected to be published by Q4 2019.
- identify and share best practices of financial schemes set up by national promotional banks and that help SMEs bear the IPO costs on public markets.
- explore how an EU financial support (from a public-private investment fund) can contribute to addressing the funding gap faced by SMEs at the IPO stage.

On 18 December 2017, the EC opened the [public consultation](#) on building a proportionate regulatory environment to support SME listing. This consultation was accompanied by the Roadmap 'Building a proportionate regulatory environment to support SME listing' explaining the background and next steps.

2. EuropeanIssuers Position and Actions

- EC Consultation: Building a proportionate regulatory environment to support SME listings

Following a number of discussions within the Smaller Issuers Working Group, at the end of February 2018, EuropeanIssuers [responded](#) to the EC [consultation](#) on building a proportionate regulatory environment to support SME listings. The main messages were:

- A definition of small and mid-cap is necessary to enable focused and proportionate rules, proposing an upper market capitalisation threshold of €1bn, although some flexibility with an upper limit might need to be left to individual Member States. All companies below this threshold should be exempted from certain EU disclosure requirements and should be allowed to access to the SME Growth Markets.
- Updating the current legal definition of an SME to reflect current realities in different EU countries. Need for a revision of the definition of a medium-sized company to a staff headcount of 500 and a turnover /balance sheet total of less than or equal to €500m.
- Adjusting the amount of sanctions, simplified and clearer disclosure obligations, and an exemption from drawing up and keeping lists of persons closely associated for issuers on SME Growth Markets are among the top priorities.
- Flexibility is key. Rather than introducing harmonised rules on voluntary transfer of listing and delisting rules at EU level, we believe there should be an overarching principle ensuring that local market operators have appropriate arrangements in place.
- DG Grow's consultation on SME definition

On 4 May 2018, EuropeanIssuers responded to the [consultation](#) by DG GROW on a possible revision of the SME definition (see EuropeanIssuers' [response](#)) in the Recommendation 2003/361/EC.

EuropeanIssuers advocated for updating the current legal definition of an SME to reflect the current realities in different EU countries, as current figures reflect the realities of 14 years ago, and for creation of a bespoke definition of small and mid-cap companies to enable focused and proportionate rules.

- *EC Proposal SME Listings Package*

On 24 May 2018, the EC launched the first of a set of actions referred to as the SME Listings Package which included a legislative proposal amending the Market Abuse and Prospectus Regulation, and a draft [Delegated Regulation](#) bringing technical adjustments to MiFID II (read [more](#) on the MiFID adjustments). EuropeanIssuers' Smaller Issuers Committee provided the initial feedback on 12 April, and on 21 June official [feedback](#) was provided on the technical adjustments to MiFID II level measures.

- *EP draft report on SME Growth Markets*

On 20 July 2018, EuropeanIssuers provided [feedback](#) on the EC proposal for the SME Growth Markets Proposal launched on 24 May.

In September, EuropeanIssuers drafted suggestions for amendments on the EC proposal. Many of EuropeanIssuers' suggestions have been taken or board following several meetings with Parliament.

On 3 December 2018, the EP's ECON Committee voted on its [version](#) of the SME Growth Markets Proposal calling for:

- Exemption of market soundings for private placement of bonds with qualified investors for all trade venues;
- Threshold of max. 500.000.000 euros for issuers not to draw up an EU Growth prospectus;
- EC to draw up a report to measure the impact of the regulation and to collect data on IPOs and delistings as well as transfers of companies between trading venues and to set up an expert stakeholder group to monitor the success of SME Growth Markets by end 2019;
- In offers of securities up to EUR 20 million any issuer should also be able to choose to use the EU Growth Prospectus unless they intend to apply for admission to trading on a regulated market;
- Need to maintain a list of permanent insiders, but only to be provided by competent authorities upon their request (minimum frequency).

3. *Achievements and Next steps*

Discussions are moving at a slower pace in the Council. A General Approach is expected for March 2019. EuropeanIssuers will continue monitoring the developments on this file throughout 2019.

Sustainable Finance

1. *Background*

There have been various international and EU level initiatives including UN 2030 Agenda for Sustainable Development (2016), the climate action in finance Paris Agreement COP21 (in 2015), and the Task Force on Climate-related Financial Disclosure (TCFD) that in June 2017 delivered its [recommendations](#) on voluntary, consistent climate-related financial risk disclosures for financial

companies. We understand that EC has been awaiting the final TCFD recommendations before finalising the guideline on non-financial information.

In December 2016, the EC created the High Level Expert Group on Sustainable Finance ([HLEG](#)). The group was mandated to advise the EC how to better integrate sustainability considerations in the EU's financial policy framework. On 31 January 2018, the group published its [final report](#). The report fed into the EC's comprehensive Action Plan on sustainable finance which was expected in March 2018.

On 8 March 2018, the EC published a Sustainable Finance [Action Plan](#), unveiling an EU strategy on sustainable finance setting out a roadmap for further work and upcoming actions covering all relevant actors in the financial system. The Action Plan has been inspired by what has been proposed by the HLEG on Sustainable Finance in its [final report](#), presented in January 2018 ([More](#) information available). The [Action Plan](#) is part of the CMU agenda and one of the steps towards implementing the COP 21 [Paris Agreement](#) and the [EU's agenda for sustainable development](#).

The key proposals are:

- Establishing a common language for sustainable finance, i.e. a unified **EU classification system – or taxonomy**
- Creating **EU labels** for green financial products
- Clarifying the **duty of asset managers and institutional investors** to take sustainability into account in the investment process and enhance disclosure requirements.
- Requiring insurance and investment firms to advise clients on the basis of their preferences on sustainability.
- Incorporating **sustainability in prudential requirements**.
- Enhancing transparency in **corporate reporting**.

On 13 June 2018, EC [announced](#) the composition of the Technical Expert Group (TEG) which is mandated to assist the EC in the development of

- an EU taxonomy of environmentally sustainable economic activities
- an EU Green Bond Standard
- a category of "low carbon" indices for use by asset and portfolio managers as a benchmark for a low carbon investment strategy
- metrics allowing improving disclosure on climate-related information.

2. [EuropeanIssuers Position and Actions](#)

In mid-June EuropeanIssuers' Corporate Reporting WG finalised a [position](#) on the Sustainable Finance Action Plan, which was circulated to the key EU policy-makers (EC, EP and the Council). The position was discussed at DG FISMA. EuropeanIssuers was invited to provide a list of experts from our corporate membership that the EC could possibly invite to some of the TEG meetings.

On 18 October 2018, the EC held an open stakeholder meeting on climate-related guidelines and non-financial disclosures which served to inform all relevant stakeholders of the EC's timeline on these topics.

On 12 November 2018, EuropeanIssuers successfully organised a meeting with the TEG Subgroup 4 on Metrics and Climate-Related Disclosures. The meeting involved experts from both sides and was aimed at the concerns of the corporate experts from EuropeanIssuers' side. The discussions focused on translating key performance indicators to financial figures and edging out the price of emissions with cash flows of financial indicators; the precision of the guidelines; and getting companies to relate to the public policy goals set out by the government.

On 14 December 2018, EuropeanIssuers reconvened the Corporate Reporting Working Group to discuss a draft position on the Sustainable Finance Proposals. During the meeting, the working group provided feedback on the draft position and it was decided to incorporate that feedback into a new draft which will be reviewed in a working group meeting in early February.

the Draft Report on the Proposal for Disclosures Relating to Sustainable Investments was adopted on 5 November 2018 and the Draft Report on the Proposal for Carbon Benchmarks was adopted on 13 December 2018.

3. Achievements and Next steps

EuropeanIssuers will continue to monitor the Sustainable Finance Proposals into 2019. Main points to monitor for 2019 are as follows:

- EuropeanIssuers Corporate Reporting WG intends to finalise a position on all three of the Sustainable Finance Proposals in early 2019.
- The update of the non-binding guidelines is expected to be updated by June 2019 and are intended to align the guidelines with the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures) while taking taxonomy developments into account. The EC intends to launch a public consultation on this issue in the first half of 2019.
- The EC also confirmed that the Taxonomy Level 1 Regulation is intended to be agreed by May 2019 with subsequent, more technical rules being issued towards the end of 2019 in the form of implementing regulations.
- The EP draft report on taxonomy is not expected to be adopted before the 2019 elections.

Corporate Reporting

Supervisory Reporting

1. Background

In December 2017, the EC launched the [public consultation](#) on corporate reporting for supervisory purposes. The objective of this consultation, part of the so-called [fitness check](#) exercise, is to gather evidence on the cost of compliance with existing EU-level supervisory reporting requirements in financial services, in force before the end of 2016. It also aimed to assess the consistency, coherence, effectiveness, efficiency, and EU added value of those requirements. The EC was interested in receiving feedback on ways in which supervisory reporting could be simplified and streamlined, which could contribute to possible future efforts to improve the usability and overall consistency of the EU supervisory reporting framework

2. EuropeanIssuers Position and Actions

EuropeanIssuers welcomed the commitment of the EC to review EU supervisory reporting requirements in the financial sector, although EuropeanIssuers pointed out the need for a larger legislative scope and to evaluate such requirement for financial and non-financial companies separately (read [more](#) on our feedback to the Commission).

EuropeanIssuers' Supervisory Reporting Working Group finalised a response to the EC's consultation on corporate reporting for supervisory practices which closed on 28 February.

On 14 March, EI [responded](#) to the EC's consultation on the **EU supervisory reporting requirements** in the financial sector. This exercise was part of a broader fitness check aiming to analyse the shortfalls associated with supervisory reporting, taking a horizontal approach. EuropeanIssuers welcomed EC's initiative to look at whether the requirements are meeting the objectives, to analyse the consistency of regulatory frameworks and measure the cost and burdens due to the reporting obligations to ensure reasonability and proportionality.

Nevertheless, EuropeanIssuers expressed out concern that this fitness check, similar to the EU cumulative impact assessment on financial services legislation performed in 2015, seems to focus mainly on the financial sector. EuropeanIssuers stressed that there is a strong need for a fitness check and/or a wholistic evaluation of the cumulative impact of all legislation impacting non-financial companies as users of financial markets. EuropeanIssuers put forward several suggestions on how to improve and streamline the existing EMIR, MiFID II and REMIT requirements.

On 4 June EuropeanIssuers participated in a conference on preparing supervisory reporting for the digital age which was organised by the EC. It was announced that a Staff Working Document with a follow up from the consultation will be finalised by the end of 2018, published in Q1 2019 and that in Q2 of 2019 a set of recommendations can be expected. The financial industry strongly advocated for more regulatory consistency while emphasising that more rules are not needed.

EuropeanIssuers discussed with DG FISMA Supervisory Reporting and the importance of not only standardising the data that is reported by companies, but that it is imperative to also standardise the analysis used on the data. The EC was looking for concrete examples and cost estimates of problems that companies are having with the current reporting which EuropeanIssuers provided. EuropeanIssuers attended an EC Workshop on Supervisory Reporting on 28 November 2018 which followed-up on the public consultation, covering key specific issues (e.g. inconsistencies and overlaps with reporting frameworks etc.) and advocated for streamlining the reporting frameworks.

As previously mentioned, the Staff Working Document is expected to be published sometime in Q1 or Q2 of 2019.

3. Achievements and Next steps

During the meeting with DG FISMA Unit B2, EuropeanIssuers was able to provide specific concrete examples on problems companies were having with the current reporting which will be incorporated into the EC's work on this file. EuropeanIssuers will continue to follow the developments on this file into 2019.

Public Corporate Reporting

1. Background

In February 2018, the EC announced another [fitness check](#), this time on public reporting by companies including in its scope Accounting Directive, Transparency Directive, Non-financial reporting Directive and IAS Regulation. On 8 February, the EC published a Fitness check [Evaluation Roadmap](#) on public reporting by companies, announcing a public consultation in Q1 of 2018. EuropeanIssuers provided its feedback welcoming this initiative.

On 21 March, the EC launched the aforementioned corporate reporting ‘fitness check’ [consultation](#), focusing on the EU framework for public reporting by companies. This consultation aimed to gather stakeholders’ views on whether the EU public reporting framework is still fit for purpose (whether it meets its objectives, adds value at the EU level, and is effective, internally consistent, coherent with other EU policies, efficient and not unnecessarily burdensome). The EC also wanted to analyse whether the EU public reporting framework is appropriate in light of new challenges, e.g. digitalisation and sustainability, and ongoing EU policy developments (Capital Markets Union, Common Corporate Tax Base, digitalisation of companies’ lifecycle, etc.).

2. [EuropeanIssuers Position and Actions](#)

On 19 July 2018, [EuropeanIssuers’ response](#) to the EC consultation on Public Corporate Reporting was submitted. It stated that:

- The objective of the fitness check on the corporate reporting should be to simplify and better tailor the information provided by financial statements to the need of the users instead of creating new layers of requirements or increasing the disclosure requirements.
- Companies should not be obliged to address all stakeholders’ demands - this could be encouraged on a voluntary basis depending on each issuer’s strategy.
- EuropeanIssuers was disappointed with the “fitness check” exercise on the point that it does not cover Market Abuse Regulation which resulted in overly bureaucratic and burdensome procedures and reporting requirements for companies, with questionable added value for investors or supervisors.
- It is too early to assess its effectiveness of the Non-Financial Reporting Directive.
- The revised Transparency Directive, which allowed Member States to abolish the requirement for companies to publish quarterly reports, has had a positive impact.
- EuropeanIssuers encouraged an introduction of a “say it once” reporting principle, meaning that once the issuer discloses certain information, it would become available to other authorities.
- One of the controversial topics was where the EU should have the possibility to adapt International Financial Reporting Standards (IFRS) (so called carve-in procedure). Given the divergence of views, no position was taken on this issue. Read [more](#).

3. [Achievements and Next steps](#)

The EC published a synopsis on the results of the public consultation which took into account the points brought up by all respondents including EuropeanIssuers. Contributions that were made to the public consultation will feed into a broader fitness check that the EC is carrying out. A report on the overall fitness check will be published in an EC Staff Working Document by mid-2019. EuropeanIssuers will continue to monitor any developments that occur on this file in 2019

Capital Markets Union

1. Background

The Capital Markets Union (CMU) is one of the flagship projects of Jean-Claude Juncker, the President of the EC. It is perceived as means to boost jobs and growth in the EU and aims at helping businesses to diversify their sources of funding and offer investors and savers additional investment opportunities.

On 12 March 2018, the EC delivered a [communication](#) listing the remaining legislative initiatives and priority actions needed to complete the Capital Markets Union by 2019. The communication was accompanied by a package consisting of three legislative proposals, aiming to promote alternative sources of financing and removing barriers to cross-border investments. The proposals are part of a broader strategy to build a true capital markets union (CMU) by mid-2019, and aim to:

- Boost the cross-border market for [investment funds](#)
- Promote the EU market for [covered bonds](#) as a source of long-term finance;
- Ensure greater certainty for investors when dealing in cross-border transactions of [securities and claims](#). The EC sees this Proposal and Communication as means to further help integrate EU capital markets by facilitating cross-border operations and increasing legal certainty for companies.

2. EuropeanIssuers Position and Actions

In our [position](#) we advocated for the following issues:

As regards the EC Communication, there are concerns:

- Through the choice of interpreting rules on intermediated securities by the Hague Convention might introduce more systemic risk;
- It may enable intermediaries to choose the law applicable to proprietary rights on the basis of a law from outside the EU jurisdiction where the securities settlement system is located;
- Intermediaries could interfere with the law of creation of the securities in some instances depriving the end-investors of its ownership in securities.

Concerning the proposal for a Regulation:

- Underlying securities are not explicitly excluded from the category of claims arising from derivatives contracts, the scope remains ambiguous. We believe that to ensure legal certainty it is necessary to clarify that securities and claims arising from securities are outside the scope of this Regulation.

3. Achievements and next steps

EuropeanIssuers will continue to strive for clarity by removing any reference to the free choice of law principle in the Communication and to explicitly exclude the underlying securities from the categories of claims arising from derivatives contracts in the Regulation.

Public Country By Country Reporting

1. Background

On 12 April 2016, the EC published a proposal requiring companies operating in the EU with global revenues exceeding EUR 750 million a year to publicly disclose:

- the income tax paid in EU, country by country;
- aggregate figure for total taxes paid outside the EU; for the tax havens this information needs to be disclosed on a disaggregated basis;
- other contextual information: nature of the activities, number of employees, total net turnover made, profit before tax, income tax due, tax paid & accumulated earnings.

Due to Germany struggling to form its government, the progress on the Public Country by Country Reporting (CBCR) file in the last months of 2017 was stalled.

The EC proposal on CBCR was discussed at the CWP on 14 June 2018. The deadlock over the legal basis of the proposal was still not resolved.

Member States made cautious comments about potential international impact of public CBCR, especially in view of the OECD BEPS agreement and the possibility to lose the non-public CBCR reporting coming from the US.

2. EuropeanIssuers Position and Actions

Even before publication of the EC proposal, EuropeanIssuers' Working Group, chaired by *Mr Pierre Marsal, Lawyer at ANSA (France)*, has been active in drafting positions and engaging with the key EU policy makers.

In its [position](#), EuropeanIssuers believes that the proposal:

- Falls in the area of tax policy rather than accounting
- Undermines the competitiveness of European industry and its attractiveness as an investment destination
- Provides erroneous interpretation and reputational damage
- Would be extremely difficult to enforce towards third country multinationals, which would lead to an unlevel playing field
- Undermines the implementation of tax CBCR and international tax cooperation
- Runs counter to the Better Regulation objective

3. Achievements and Next steps

Public CBCR was not a priority for the Austrian Presidency, however the Romanian Presidency showed interest in moving forward on this topic and a new Council compromise text is expected for January 2019. EuropeanIssuers will continue to follow the developments on the Public CBCR file into 2019.

Prospectus Regulation

1. Background

A prospectus is a legal document that companies issue to potential investors including information on the securities they are issuing and about the company, its business, finances and shareholding

structure. Issuing a prospectus is one of the key requirements for companies wishing to raise capital on public capital markets and one of the sources of information for investors. The first prospectus directive was adopted in 2003 and revised in 2009. With those reviews, prospectuses have become increasingly lengthy (up to 500 pages from approx. 80 pages 20 years ago), full of legal jargon and not user friendly. Therefore, in November 2015, the EC issued the proposal for the prospectus regulation, as part of the Capital Markets Union project and in line with its commitment to simplify EU laws and making them more effective and efficient (REFIT).

On 15 December 2017, ESMA published the [consultation paper](#) on draft regulatory technical standards (RTS) to the new [Prospectus Regulation](#), which entered into force on 20 July 2017 and will become applicable as from 21 July 2019.

Specifically, under the Prospectus Regulation, ESMA needed to draft Regulatory Technical Standards (RTS), which were submitted to the EC on 21 July 2018, regarding the following aspects:

The key financial information contained in the summary of the prospectus;

- Data and machine readability of information to be sent to ESMA in relation to the storage and mechanism enabling the public to have access to such information free of charge;
- Advertisements on public offers or admission to trading;
- Cases in which the publication of a supplement to a prospectus is necessary;
- Publication of a prospectus.

2. [EuropeanIssuers Position and Actions](#)

In March, EuropeanIssuers responded to the ESMA [consultation paper](#) on draft RTS to the new [Prospectus Regulation](#), which entered into force on 20 July 2017 and will become applicable as of 21 July 2019. EuropeanIssuers' response focused on: Key financial information (KFI) in the prospectus summary, supplements, data and machine readability and prospectus publication. The standards that ESMA was consulting on, were finalised and submitted to the EC by 21 July 2018.

ESMA published the first part of its [Technical Advice](#) (TA) under the Prospectus Regulation on format and content of prospectus, the EU growth prospectus and the scrutiny and approval of prospectus. This follows the three consultation papers to which EuropeanIssuers responded in September 2017. ESMA submitted the TA to the EC on 28 March 2018. Subject to endorsement by the EC, the technical advice formed the basis for the delegated acts to be adopted by the EC in January 2019.

On 13 July 2018, ESMA opened two consultations, to which EuropeanIssuers responded, on the [Guidelines on Risk Factors under the Prospectus Regulation](#) and on the [Draft Technical Advice on Minimum Information Content for Prospectus Exemption](#) which closed on 5 October 2018.

EuropeanIssuers' [response](#) to the Guidelines on Risk Factors under the Prospectus Regulation included the following key points which the response insisted on:

- the specificity criterion has to be clarified, in order to make sure that risk factors that apply to a wide range of companies but are still specific to every one of those companies, are considered specific according to the guidelines on risk factors.
- the description of the potential negative impact of the risk factors must not result in an obligation for issuers to produce quantitative information or to disclose information which would endanger their operations or create new risks.

- the concept of mitigating language should be clarified to ensure that description of specific risk management strategies and techniques does not fall under this definition.
- the limit of ten categories of risk factors does not ensure comprehensibility for investors and should not be imposed.

EuropeanIssuers' [response](#) to the Draft Technical Advice on Minimum Information Content for Prospectus Exemption included the following key points which the response insisted on:

- EuropeanIssuers disagrees with ESMA's approach to consider, as a starting point, the disclosure requirements for prospectuses.
- the starting point should be the information required by the takeover bid and company law directives and made public by issuers in case of a takeover by way of exchange offer, a merger or a division, supplemented where necessary by additional information regarding the transaction and its impact to allow shareholders of the companies concerned to take an informed decision.
- the content of the Exempted Document should not be similar or equal to the content of a full prospectus.
- EuropeanIssuers put forward, in annexes 1 and 2, two proposals for the minimum content of the Exempted Document which can be found in the response.

On 28 November 2018, the EC published its [Draft Delegated Regulation](#) on Prospectus Regulation to receive public feedback until 26 December 2018. EuropeanIssuers circulated its response to the Draft Delegated Regulation, amongst the members of the Prospectus Working Group to receive comments. [EuropeanIssuers' response](#) was submitted on 20 December 2018.

3. *Achievements and Next steps*

Looking ahead, the EC's Draft Delegated Regulation supposed be adopted during Q4 of 2018 but has not been adopted yet. EuropeanIssuers will continue to follow the developments of the Draft Delegated Regulation going forward.

Company Law Package

1. *Background*

The EC released its Company Law [Package](#) on 25 April 2018. The package consists of two proposals:

- a [proposal](#) for a directive as regards the use of digital tools and processes in company law;
- a [proposal](#) for a directive as regards cross-border conversions, mergers and divisions.

In August the JURI Committee in the EP published a [draft report](#) on cross-border conversions, mergers and divisions as well as a [draft report](#) on use of digital tools and processes in company law. The deadline for amendments on the draft report was on 10 September, and the vote in committee was scheduled for 19-20/11/2018. Only the proposal on digital tools was voted on in November while the vote on cross-border conversions, mergers and divisions was voted on in December.

2. *EuropeanIssuers Position and Actions*

On 5 September, EuropeanIssuers' Working Group was held to discuss the draft position reacting to both EC proposals, kindly drafted by Ms Valentina Allotti (Assonime) chairing this Working Group. It

was agreed that EuropeanIssuers' position would also react to the main issues in the draft reports in the EP.

EuropeanIssuers' main concern is that the proposal for a directive regarding cross-border conversions, mergers and divisions, which aims at harmonising rules for moving, merging and dividing companies across borders, is overly complicated. Therefore, EuropeanIssuers would like to see a simplification of procedures that would result in reducing red tape for businesses while providing for specific safeguards allowing national authorities to prevent potential abuses. Overall, EuropeanIssuers is supportive of the proposal on digitalisation although there is some room for improvements also.

On 26 October 2018, EuropeanIssuers published its [position](#) on the EC's proposal on the Company Law Package. The effort to set forth a common legal framework aimed at enabling conversions and ensuring protection of the involved stakeholders is welcome, but the procedure is too cumbersome for companies and may even go against the objective of facilitating corporate mobility. EuropeanIssuers' proposal suggests the following:

- To simplify the procedure for cross-border conversion – providing for a single report of the management or the administrative organ to the members and to the employees and deleting the report by the independent expert;
- To better define the scope and the condition for the exit right of members;
- To make clear that creditors who should benefit from the possibility to ask for safeguards are creditors whose rights originate before the conversion;
- To align the regime for the protection of employees with the one set forth in the cross-border merger directive;
- To align the possibility to restrict the right of establishment with EU's settled case-law and only to cases where transfers would constitute a *“wholly artificial arrangement which does not reflect economic reality,”* adopt a simplified regime for intra-group restructurings (relocations, mergers) – which are likely to be an important part of future cross-border operations;
- To apply the same comments to the rules concerning cross-border mergers and divisions; repeal Member States option to provide for the circumstances in which online registration may be excluded where the share capital of a company is to be paid by way of contributions;
- To ensure that a disqualification in one Member State does not automatically lead to disqualification in all other Member States;
- To address the issue of the legal value of the digital copy of a company's document.

On 15 November, the Secretariat shared its position with the most relevant members of the EP.

3. Achievements and next steps

Further meetings with the Council will take place in the following months. EuropeanIssuers will continue to follow developments on the Company Law Package throughout 2019 and continue to lobby the Council.

European Single Electronic Format

1. Background

In December 2017, ESMA published its final proposal for the [Regulatory Technical Standards](#) (RTS) provided for in the [Transparency Directive \(2013/50/EU\)](#), specifying the electronic reporting format in which issuers should prepare their Annual Financial Reports as of the Financial Year 2020. The standards were accompanied by a [Reporting Manual](#) and detailed instructions to issuers to facilitate the implementation of new rules.

The main new requirements for companies with securities traded on an EU regulated market are:

- All annual financial reports, containing financial statements for financial years beginning on or after 1 January 2020, shall be prepared in XHTML (Extensible Hyper Text Markup Language format).
- IFRS consolidated financial statements contained in the annual financial report, shall be labelled with XBRL *tags*, making the labelled disclosures structured and machine-readable.
- The XBRL *tags* will be embedded in the XHTML document using Inline XBRL.
- To allow for structured electronic reporting using XBRL, ESEF uses an extension of the [IFRS Taxonomy](#), issued by the IFRS Foundation. This taxonomy provides issuers with a set hierarchical structure to be used to classify financial information. Consolidated financial statements for financial years starting on or after January 2022 must be entirely marked-up using XBRL (meaning including notes). To ease the burdens, ESMA will require only the block tagging of the notes to IFRS consolidated financial statements meaning that whole sections of those notes are each to be marked up using single taxonomy elements.

2. European Issuers Position and Actions

European Issuers has been actively engaging with ESMA on this topic over the years, voicing concerns that the introduction of a mandatory structured electronic reporting for companies would generate additional costs for companies that would outweigh the benefits for both investors and companies. Companies consider that ESMA has not sufficiently consulted or tested its proposal regarding the benefits, expectations or demands of the investors. Potential end-users European Issuers has been in contact with, show little or no interest in iXBRL but are rather keen on receiving more qualitative information on strategies of public companies as well as on other matters of increasing importance such as Environmental Social and Governance (ESG) topics. European Issuers also understands that many investors – in particular the retail ones – also tend to prefer a PDF format, which would also meet the requirements of the Transparency Directive.

In January 2018, European Issuers has drafted concerns over the introduction of iXBRL to key EU policy, suggested by ESMA in its draft Regulatory Technical Standards (RTS) submitted to the EC for approval. European Issuers contacted BUSINESSEUROPE and EACT to see whether they would agree to co-sign the letter.

On 8 March 2018, a joint BUSINESSEUROPE and European Issuers letter on the EU Single Electronic Format (ESEF) was circulated to the EC's Vice-President Dombrovskis and shared with the Council and key MEPs. This joint initiative of both organisations was possible thanks to help of Afep and Assonime in getting enough support within BUSINESSEUROPE's WG. In the letter, both organisations voice

strong concerns over ESMA's RTS on ESEF specifying the new digital format with which issuers should prepare their Annual Financial Reports (AFRs) starting from 2020. EuropeanIssuers received a response from Vice-President Dombrovskis to the joint [letter](#) with BUSINESSEUROPE. The EC concluded that PDF format neither allows for structured reporting thus fulfilling the policy objectives of facilitating analysis and comparability nor does it allow for data to be machine readable.

On 5 June 2018, EuropeanIssuers attended a joint Discussion Forum on the ESEF organised by the EC to foster discussion between the companies, financial analysts and ESMA. The EC mentioned that there is a short window of opportunity to amend the draft RTS as proposed by ESMA, but under the condition that there are specific issues pointed out and a good alternative is proposed. The EC plans to finalise the RTS by the end of the year.

On 30 November 2018, Mr Luc Vansteenkiste, Chair of EuropeanIssuers, gave a speech at a high-level conference on the Future of Corporate Reporting where he laid out the position of EuropeanIssuers on the digitalisation of corporate reporting and iXBRL. Ultimately, the Regulatory Technical Standards in the Transparency Directive were adopted in to EU legislation. At the end of 2018, a [Delegated Regulation](#) regarding the ESEF format (iXBRL) was adopted, however it is still subject to an objection right by the EC and the EP.

3. Achievements and Next steps

EuropeanIssuers will continue to keep an eye on the progress of the Delegated Regulation in 2019

Market Abuse Regulation/Directive

1. Background

On 3 July 2016, new EU rules aimed at preventing insider dealing and market manipulation took effect. New Market Abuse [Regulation](#) and [Directive](#) (MAR/D) strengthened and replaced the Market Abuse Directive adopted in 2003. The new framework harmonises core concepts and rules on market abuse and strengthens cooperation between regulators. Some of the key changes for companies were:

- Common EU definitions for market abuse offences such as insider dealing, unlawful disclosure of information and market manipulation;
- Common set of criminal sanctions including fines & imprisonment of at least 4 years for insider dealing/market manipulation & 2 years for unlawful disclosure of inside information;
- Companies are liable for market abuses.

2. EuropeanIssuers Position and Actions

Our advocacy and [position paper](#) helped to clarify certain issues in a way which reduces the burdens for companies. These involve the definition of closely associated persons under MAR in the context of Art. 19 of MAR on Managers' transactions and the interpretation of Art. 18 of MAR regarding insider lists.

At the 21 November 2018 Policy Committee meeting, it was brought to the attention of EuropeanIssuers that the EC must present a report concerning the application of MAR by 3 July 2019. The Committee suggested reconvening the MAR Working Group to provide input to the EC for the preparation of the report. The EC confirmed that it would:

- i) like to receive input end January;

- ii) like to receive concrete examples on real problem concerning MAR implementation; and
- iii) asked for a reply to questions identified in the mandate of the EC's report (see Article 38 of MAR).

This effort was taken up by Ms Paola Spatola and Ms Alessandra Casale, Assonime, who suggested that EuropeanIssuers could start creating the position from the responses that it already expressed in its replies to recent consultations. Moreover, this could be an opportunity to talk about some pending issues regarding manager transactions under MAR on which EuropeanIssuers started to work on in the past.

3. Achievements and Next steps

EuropeanIssuers' Policy Committee agreed to reconvene MAR's working group in early January 2019 to discuss EuropeanIssuers' input to the EC on the MAR review and to take into consideration the feedback by EuropeanIssuers in its response to the consultation on Supervisory Reporting and the suggestions presented in its position on SME Growth Markets. EuropeanIssuers will continue to work on this file in 2019.

Financial Transaction Tax (FTT)

In December, a joint paper prepared by France and Germany was presented to group of Member States engaged in FTT's enhanced cooperation mechanism. The key proposals were:

- The tax would be imposed regardless of where the transaction is concluded. Thus, it would cover transactions involving European securities on non-European exchanges. The paper argues that this limits the risk of circumvention of the tax.
- The tax would apply to all categories of shares of a company (e.g. ordinary shares and preferred shares).
- The taxable event would be transfer of ownership of the equity security which means the registration of the securities acquired in the securities account of the purchaser.
- Intraday trading would not be included within the scope.
- Market-making activities and intraday operations should be excluded with certain caveats.
- The tax rate would be no lower than 0.2% of a security's purchase price at time of acquisition.

Further discussions are expected to take place early January 2019

1. EuropeanIssuers Position and Actions

On 23 October 2018, the government of Spain issued a public communication which opened a consultation for a Spanish legislative proposal on FTT. The deadline for the open consultation was 15 November. EuropeanIssuers produced a formal letter directed to Minister María Jesús Montero. In the formal letter, EuropeanIssuers reiterated its wide-ranging concerns regarding the implementation of an FTT in any European Member State. The letter then proceeded to layout the key concerns of EuropeanIssuers as follows:

- The FTT will increase the cost of raising capital to invest in Spain's economy. Because of an increase in transaction costs and reduction in market liquidity, raising finance will become more expensive and growth could be negatively impacted. The taxation of market making activities, when the requirements established on the draft for the exemption application are not met, even at a lower rate, could exacerbate this negative impact by decreasing the Spanish market attractiveness and overall sustainability of European capital markets;
- Taxing securities acquisitions derived from the execution or liquidation of derivative transactions will make it more difficult and expensive for corporates and investors to manage their risks. An FTT could make certain investments or business activities economically unviable if risks cannot be hedged properly. Therefore, a significant portion of the derivative business could leave the FTT zone, negatively impacting the expected tax revenues;
- An FTT will have a significantly negative impact on the value of insurance, investment- and pension fund savings. It will lead to a direct reduction in asset values and increase future investment costs hitting those who are saving for the future;
- The effective tax rate of the FTT will be significantly higher than the nominal rate given the cascading effect of the tax. For example, taxing transactions in the portfolio of investment funds as well as the transactions of the fund units themselves, would lead to double taxation. Moreover, if the scope of the applicable exemption is not broadened, taxing market making transactions will lead to a higher effective tax rate than the nominal rate;
- For the sake of consistency, treasury stock transactions should be exempted in a similar way to the intra-group transactions;
- The short term proposed in the draft for the adaptation of the tax payers' systems is another source of concern, and
- Finally, the FTT foresees an extraterritorial impact requiring financial institutions in non-participating Member States to collect tax, and the joint and several liability approach puts a heavy burden on financial institutions of participating Member States, which have to compensate for any possible tax shortfall which they may not be able to recover.

EuropeanIssuers is concerned about the extension of FTT across European Member States as it could serve as the basis for a Europe-wide FTT.

2. *Achievements and Next steps*

In order to advocate against the FTT, EuropeanIssuers will continue to follow any developments on this topic at the Member State level and at the European level throughout 2019

Better regulatory environment for small & mid-caps

4. *Background*

With the aim of facilitating access to capital markets for smaller companies, in the second half of 2017, the EC started working on the initiatives leading towards the so-called EU 'Small Listed Company Act'. This Omnibus proposal contained a series of regulatory adjustments with the following objectives: make a success of the 'Small and Medium Enterprises (SME) Growth Market' concept, a new category of Multilateral Trading Facilities ('MTF') created by MiFID II, as of January 2018.

- to identify areas where the administrative burden placed on SMEs listed on SME Growth Markets can be lightened, while maintaining a high level of investor protection.
- to revive the local ecosystems (i.e. the network of specialist services providers, such as the brokers) surrounding the exchanges and that support listed SMEs.

The EC highlights that due to the resistance from certain Member States, SMEs listed on regulated markets should remain outside the scope of this exercise. Meaning, it will be strictly confined to SME Growth Markets and companies listed on those trading venues.

In terms of non-legislative measures to fix Europe's broken IPO pipeline, the EC intended to:

- assess the impact of MiFID II rules on SME and fixed income investment research. The tender was won by RISK CONTROL Limited and the study is expected to be published by Q4 2019.
- identify and share best practices of financial schemes set up by national promotional banks and that help SMEs bear the IPO costs on public markets.
- explore how an EU financial support (from a public-private investment fund) can contribute to addressing the funding gap faced by SMEs at the IPO stage.

On 18 December 2017, the EC opened the [public consultation](#) on building a proportionate regulatory environment to support SME listing. This consultation was accompanied by the Roadmap 'Building a proportionate regulatory environment to support SME listing' explaining the background and next steps.

5. EuropeanIssuers Position and Actions

- EC Consultation: Building a proportionate regulatory environment to support SME listings

Following a number of discussions within the Smaller Issuers Working Group, at the end of February 2018, EuropeanIssuers [responded](#) to the EC [consultation](#) on building a proportionate regulatory environment to support SME listings. The main messages were:

- A definition of small and mid-cap is necessary to enable focused and proportionate rules, proposing an upper market capitalisation threshold of €1bn, although some flexibility with an upper limit might need to be left to individual Member States. All companies below this threshold should be exempted from certain EU disclosure requirements and should be allowed to access to the SME Growth Markets,
 - Updating the current legal definition of an SME to reflect current realities in different EU countries. Need for a revision of the definition of a medium-sized company to a staff headcount of 500 and a turnover /balance sheet total of less than or equal to €500m,
 - Adjusting the amount of sanctions, simplified and clearer disclosure obligations, and an exemption from drawing up and keeping lists of persons closely associated for issuers on SME Growth Markets are among the top priorities, and
 - Flexibility is key. Rather than introducing harmonised rules on voluntary transfer of listing and delisting rules at EU level, we believe there should be an overarching principle ensuring that local market operators have appropriate arrangements in place.
- DG Grow's consultation on SME definition

On 4 May 2018, EuropeanIssuers responded to the [consultation](#) by DG GROW on a possible revision of the SME definition (see EuropeanIssuers' [response](#)) in the Recommendation 2003/361/EC.

EuropeanIssuers advocated for updating the current legal definition of an SME to reflect the current realities in different EU countries, as current figures reflect the realities of 14 years ago, and for creation of a bespoke definition of small and mid-cap companies to enable focused and proportionate rules.

- *EC Proposal SME Listings Package*

On 24 May 2018, the EC launched the first of a set of actions referred to as the SME Listings Package which included a legislative proposal amending the Market Abuse and Prospectus Regulation, and a draft [Delegated Regulation](#) bringing technical adjustments to MiFID II (read [more](#)). EuropeanIssuers' Smaller Issuers Committee provided the initial feedback on 12 April, and on 21 June official [feedback](#) was provided on the technical adjustments to MiFID II level measures.

- *EP draft report on SME Growth Markets*

On 20 July 2018, EuropeanIssuers provided [feedback](#) on the EC proposal for the SME Growth Markets Proposal launched on 24 May.

In September, EuropeanIssuers drafted suggestions for amendments on the EC proposal that were shared with the rapporteur MEP Anne Sander. On 5 September, her draft report was published. Many of EuropeanIssuers' suggestions have been taken on board.

From October to December we were in close contact with MEP Sander and MEP Kay Swinburne to discuss EuropeanIssuers suggested amendments.

On 3 December 2018, the EP's ECON Committee voted on its [version](#) of the SME Growth Markets Proposal calling for:

- Exemption of market soundings for private placement of bonds with qualified investors for all trade venues;
- Threshold of max. 500.000.000 euros for issuers not to draw up an EU Growth prospectus;
- EC to draw up a report to measure the impact of the regulation and to collect data on IPOs and delistings as well as transfers of companies between trading venues + to set up an expert stakeholder group to monitor the success of SME Growth Markets by end 2019;
- In offers of securities up to EUR 20 million any issuer should also be able to choose to use the EU Growth Prospectus unless they intend to apply for admission to trading on a regulated market;
- Need to maintain a list of permanent insiders, but only to be provided by competent authorities upon their request (minimum frequency).

6. *Achievements and Next steps*

Discussions are moving at a slower pace in the Council. A General Approach is expected for March 2019. EuropeanIssuers will continue monitoring the developments on this file throughout 2019.

II. Other Dossiers

Securities Law

1. Background

In April 2017, the EC launched a [consultation](#) on the conflict of laws on rules for third parties effects of transactions in securities and claims. The consultation aimed at identifying practical problems and types of risks deriving from the current state of harmonisation. The initiative was part of the broader CMU Action Plan and aimed at dealing with the problem of legal uncertainty on securities ownership in a cross-border situation.

2. EuropeanIssuers Position and Actions

EuropeanIssuers' Securities Law Working Group was reconvened to draft the [response](#) to this consultation. EuropeanIssuers emphasised that the rise of cross-border investments and intermediaries have contributed to uncertainty for companies and end investors, who experience legal uncertainty and might be deprived of their property rights and their ownership in a security they have paid for. EuropeanIssuers advocated that the law applicable to the acquisition or disposition of securities of any kind should always be the law of the Member State under which the securities have been created. Any application of one or more other laws may lead to significant conflicts between the "creation law" and others. We have also pointed out that both the Securities Hague Convention and the UNIDROIT Convention have failed to be seen as favouring the interests of certain intermediaries.

In March 2018, the EC issued a [proposal](#) on common conflict-of-laws rules on the third-party effects of assignments of claims, which was accompanied by a [communication](#) clarifying conflict-of-law rules for securities.

In this area, different EU directives (the settlement finality, the winding-up and the financial collateral directives) provide for specific provisions on which national law is applicable to the proprietary effects of cross-border transactions in securities. While roughly similar, these provisions sometimes differ when it comes to details. The communication aimed at clarifying the EC's views on these specific provisions.

Discussions in the Council were first initiated in June 2018 while the EP had already issued a Draft Report in May.

3. Achievements and Next steps

EuropeanIssuers has been following developments on this file and will continue monitoring any significant developments in 2019.

PRIIPs & Corporate Bonds

1. Background

Through EuropeanIssuers' lobbying efforts in 2013 (during the trialogue discussions), shares and corporate bonds (apart from the packaged bonds) have managed to be excluded from the scope of this Regulation which is applicable as of January 2018.

The Association for Financial Markets in Europe (AFME) reported that although the PRIIPs regime is intended to capture “packaged” products, bonds issued by corporates (which are commonly regarded as simple products beneficial for retail investors to hold directly) may come into scope of PRIIPs because their terms and conditions typically contain provisions such as make-whole call options, change of control puts, index-linked interest and capital features, and interest rate step-up/down mechanics, caps and floors. The issue is that the extent to which **any or all of these features means that a corporate bond qualifies as being within the scope of PRIIPs is unclear from the regulation itself and the available regulatory guidance with the result that market participants are uncertain** as to whether a Key Information Document (KID) is needed.

This issue could lead substantial reduction in the sale of corporate bonds to: (a) retail investors directly; and/or (b) retail and private banks, who might on-sell to retail investors.

2. EuropeanIssuers Position and Actions

In December 2017, EuropeanIssuers co-signed a [letter](#) with AFME raising uncertainties and potential issues with the application of Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation (due as of January 2018) and corporate bonds. The letter was addressed to EC’s Vice-President Dombrovskis with the aim to clarify the scope of PRIIPS regarding corporate bonds and ensure that “plain vanilla” bonds were not negatively affected. While awaiting the reply, EuropeanIssuers engaged with the services responsible at the EC. EuropeanIssuers also further engaged with AFME and its own members to gather information and evidence on developments in different markets in Europe. In Italy, Assonime, Borsa Italiana and other market participants are worried as they have a large retail corporate bond market, which could be negatively affected. AFME followed up with another [letter](#) to the EC and ESMA which EuropeanIssuers ultimately did not co-sign. AFME still shared this letter with EuropeanIssuers even though it did not co-sign.

Overall, the issue is that the scope is not clear (for many NCAs and market participants). The EC informally says that all corporate bonds which have some form of ‘derivative’ fall into the scope of the Regulation. Formally, they have not responded to us. Meanwhile, most of the so called “plain vanilla” bonds seem to have some of the call options or link to an interest rate which, in line with the EC’s reasoning, would put them in the scope of PRIIP’s and trigger the obligation to produce a Key Information Document (KID). Moreover, the Regulation applies not only to new bonds issued but also to all the outstanding one, which means thousands of bonds in the scale of Europe. That would not only burden non-financial companies and create liability concerns, but also could lead to companies issuing bonds only to professional/qualified investors, which goes counter to the CMU objective of promoting more direct investments into capital markets towards retail investors.

On 19 July, European Supervisory Authorities (ESAs) issued a joint [letter](#) to the EC regarding the issues with the scope of PRIIPs. The ESAs urged the EC to provide a detailed public guidance as a matter of urgency on which types of products, and in particular bonds, fall within the scope of the Regulation. The ESAs have prepared an analysis of the application of the scope to some of the main types or features of bonds provided in the annex of the letter and is asking the EC to confirm whether it agrees with this analysis. The letter also emphasised that should the EC be able to provide additional interpretative criteria, it should promote a more consistent application of the scope to the full range of investment products.

Overall, the guidance suggested by the EC was favourable except on covered bonds which are considered to be in the scope. EuropeanIssuers envisaged asking for a meeting with the EC to support ESAs initiative to provide the guidance that would improve the legal certainty without the need to re-open the level 1, however there was not the appetite to do so amongst the membership.

3. Achievements and Next steps

EuropeanIssuers will continue to monitor this file into 2019 and as of the beginning of the year, is considering sending a letter in support of the joint letter which was sent by the ESAs.

Better Regulation

1. Background

On 17 July 2018, the EC launched a public [consultation](#) gathering stakeholders' views on the EC's 'better regulation' approach introduced with the [May 2015 package](#). The main changes and adjustments concerned evaluation, impact assessment, stakeholder consultation, [the Regulatory Scrutiny Board](#), the [REFIT Platform](#) and the [REFIT Programme](#). The aim of the consultation was to: assess how well the various better regulation tools used by the EC work in practice; whether those tools contribute to achieving the objectives of the better regulation policy; and identify areas for improvement. The consultation closed on 23 October 2018.

2. EuropeanIssuers Position and Actions

On 23 October 2018, EuropeanIssuers responded to the public consultation on the stocktaking of the EC's 'better regulation' approach. EuropeanIssuers appreciated the efforts to increase transparency and the quality of EU decision-making. However, more ambition is needed in terms of recognising the need to reduce undue regulatory burdens. In the evaluation, EuropeanIssuers highlighted several key issues upon which there could be improvement:

- The EC's impact assessments should primarily focus on analysing the impact of the proposals on the competitiveness of European companies and on the European economy.
- There needs to be an appropriate balance between level 1 and level 2 legislation. (i.e. too much delegation from level 1 to level 2).
- The EC's website is fragmented and not easy to use, thus making it difficult to ensure that users can collect all the necessary information.
- There could be further improvements regarding stakeholder involvement to ensure all relevant stakeholders are properly represented.
- Deadlines for feedback are not consistent and, in some cases, too short.
- The questionnaires and feedback are too restrictive. (e.g. limited character responses, loaded questions, and not all questions allow for additional comments).
- Questionnaires should be independently checked to ensure neutrality.

3. Achievements and next steps

As EuropeanIssuers responded to the consultation with its feedback, it will continue to monitor any developments on this issue into 2019. The responses to the consultation have not been published as of 2018. The next item on the EC roadmap is adoption by the EC which is slated for Q1 of 2019.

U.S. Class Action Lawsuits

- **Petrobras Case**

- *Background/EuropeanIssuers Actions*

EuropeanIssuers filed a brief before the US Supreme Court as *amicus curiae* (friend of the court) to support the appeal filed against the lower court's decision in the Petrobras case. The aim was to provide an opinion which could help the judge take the right decision, while not engaging in the proceedings. The main problem stemming from the ongoing Petrobras case is that the court did not specify what is meant by "domestic transactions." The state court included all domestic purchases on the secondary markets, including shares of companies not listed in the US. This would force the defendant to start the trial without knowing the size of the class, meaning it could be one or thousands of people. This could create an important and dangerous precedence affecting all EU issuers having any securities transactions in US (including companies that are not listed in the US or having any operations there, but simply having amongst their shareholders investors from the US). EuropeanIssuers aim is to narrow as much as possible the definition of domestic transactions. Morrison Cohen LLP kindly agreed to write a brief for us *pro publico bono*.

The oral arguments in the Petrobras class action took place before the US Court and Jason Gottlieb, Partner, Morrison Cohen LLP reported on the latest developments. He indicates that the arguments were skilfully done on our side by Skadden's Jay Kasner for the underwriter defendants, and Cleary's Lewis Liman for Petrobras. Kasner did a great job presenting the Morrison arguments that our brief forwarded, such as the problems with ascertainability at this stage of the class action, and the possibility (a strong possibility in this case) that virtually none of the transactions will be "domestic transactions" as required by the Supreme Court's rule in *Morrison v. NAB*. Kasner explicitly urged the judges to read the EuropeanIssuers *amicus brief*, which was a great way for our particular issues to get more attention from the court than an amicus brief often does. Liman focused mainly on the Basic/Halliburton arguments on pleading loss causation (an issue that our brief did not address), but he also made good points about the class action requirements that we supported in our brief as well.

Arguing for the plaintiffs, Jeremy Lieberman from the Pomerantz firm argued that the class was ascertainable, and mostly involved "domestic transactions," as demonstrated by more recent discovery in the case. Kasner and Liman argued on reply, (i) that discovery was heavily contested and not before the District Court when he made his ruling; and (ii) the transactions were not "domestic" merely because they may have cleared through DTC; as the DTC amicus brief points out, that brief transference does not count as being a "domestic" transaction.

Achievements and next steps

On 3 January 2018, the parties of the Petrobras case announced a [settlement](#) (pending final court approval). The parties jointly applied to the Supreme Court to table the application for *certiorari*, pending that final court approval. Meaning that the case is most likely over. Jason Gottlieb, Partner at Morrison Cohen LLP, explained that as there are no particular implications in the settlement (nobody is “admitting” or “conceding” anything), the status quo will continue. Although, as pointed out in the documents submitted, the status quo is somewhat unclear for foreign issuers: there is a circuit split, and the precise state of the law on the standard needed to certify a class action under the Supreme Court’s rule in *Morrison* is not well defined. That issue will remain unresolved for now – until some other opportunity arises for the Supreme Court to take it up (or for all of the federal appellate courts to separately agree on the same standard).

- **Stoyas v. Toshiba Corporation**

1. Background

In the U.S., a case was launched against Toshiba Corporation regarding unsponsored American Depositary Receipts (ADRs). It involves an appeal from a ruling by a California federal appeals court which would severely reduce the benefit of the *Morrison v. National Australia Bank* that limited the extraterritorial application of the U.S. federal securities laws.

The plaintiffs (several funds) argue that if transactions in Toshiba ADRs took place in the United States, the U.S. federal securities laws apply to fraudulent statements allegedly made by Toshiba that affected the value of Toshiba’s shares and ADRs. Toshiba has never listed its shares in the U.S. or taken any other measures to sell its shares in the U.S. The ADR programs at issue were established by U.S. depository banks without any participation from Toshiba. The California federal appeals court nonetheless ruled that transactions in the ADRs that took place in the U.S. could serve as the basis for a class action complaint.

If the ruling stands, it would mean that U.S. class actions could be initiated against any non-U.S. company simply because trades take place in its shares in the U.S. secondary market. While the case specifically involves ADRs, since the ADRs are unsponsored (i.e., created without Toshiba’s participation) it is difficult to see how the court’s logic would not apply to U.S. trades in the ordinary shares of a company like Toshiba.

From a procedural perspective, Toshiba is requesting *certiorari*, meaning permission from the Supreme Court to have its appeal heard. According to the memorandum from Toshiba’s counsel, White & Case, the chances of such permission being granted would be greatly increased if Toshiba were supported by *amicus curiae* briefs.

2. *EuropeanIssuers Position and Actions*

In September 2018, the law firm Cleary, Gottlieb, Steen & Hamilton (CGSH) received a request to from SIFMA (the U.S. association of broker-dealers) to prepare an *amicus curiae* brief. CGSH suggested that AFEP and/or EuropeanIssuers sign the brief as was done in the past. EuropeanIssuers circulated the *amicus curiae* brief among its members and provided comments on the draft version of the brief which was then submitted with EuropeanIssuers’ signature on 6 December 2018.

3. *Next Steps*

- EuropeanIssuers is waiting to receive news on any developments that have occurred in the case and will continue to follow this issue in 2019.

Costs of Compliance for the Financial Sector

1. Background

On 10 December EuropeanIssuers attended to a [workshop on the costs of compliance](#) for the financial sector. That workshop was held by ICF and CEPS on behalf of DG FISMA, who was carrying out a study on costs of compliance. The objective of this study was to obtain a high-level overview of the costs of compliance attributed to regulatory obligations and supervisory reporting in particular. The aim of the study was to assess the scale and nature of incremental costs of complying with financial legislation that has been introduced or significantly amended since 2008, as well as the main drivers of these costs.

2. Actions

In the context of this study, a workshop with industry associations was organised to validate the counterfactuals, which are essential to provide a deeper understanding of the net impact of the regulatory interventions. The workshop will develop and test the regulatory counterfactual (compliance costs due to interventions that Member States would have taken if the EU would not have intervened) and business-as-usual counterfactual (compliance costs due to measures that the financial services providers would have taken if the EU would not have intervened).

Florence Bindelle stated that there is a strong need for a wholistic evaluation of the cumulative impact of financial and other legislation impacting non-financial companies as users of financial markets. She also reported about EMIR, saying that there is an unclear definition of indication and analysis for systemic risk monitoring, and that there is a lack of relevance to report of intra-group transactions. She also mentioned that the double-sided reporting is not efficient or effective. Regarding MAR, it has significantly increased bureaucracy for listed companies. Main burdens relate to disclosure of inside information, drawing and updating lists of persons closely associated with PDMRs and of insider lists, and managers' transactions' notifications.

The whole report is available [here](#).

III. External Representation Reports

EuropeanIssuers is represented on various expert and stakeholder groups through its members – in some cases directly representing EuropeanIssuers, in some others in their personal capacity or on behalf of national associations.

European Corporate Governance Codes Network

The European Corporate Governance Codes Network (ECGCN) is open to organisations responsible for writing and/or monitoring the implementation of national corporate governance codes within EU Member States. Several EuropeanIssuers' members such as AFEP and Assonime are involved in the network whose purpose is to:

- Share information on code-related developments at the national level;
- Exchange views on matters of common interest;
- Provide a forum for similar discussions with organisations carrying out the same sort of functions in countries outside the EU;
- Providing advice to EU and international authorities on the implementation of corporate governance policies.

In 2018, the ECGCN met once on 20 April in Sofia, Bulgaria. It was organised in line with the 22nd European Corporate Governance Conference organised by the Bulgarian Presidency of the Council of the EU of which EuropeanIssuers was a sponsor. The next ECGCN meeting will take place in April 2019 in Bucharest, Romania.

EC Expert Group on Technical Aspects of Corporate Governance

Expert group on technical aspects of corporate governance processes

In 2017, the EC set up the expert group on technical aspects of corporate governance processes, composed of 12 members who are representing different constituencies including issuers, investors, industry, civil society, etc. Dr Markus Kaul, Head of Legal Department of MunichRe, is EuropeanIssuers' representative in this expert group.

The aim of this group is to assist the EC in developing technical aspects of corporate governance of listed companies, including the use of modern information and communication technologies in corporate governance. The group thus helped to develop the implementing measures for the revised [Shareholder Rights Directive](#) which entered into force on 10 June 2017 and needs to be transposed in all Member States by 10 June 2019. The implementing acts will provide detailed rules on shareholder identification, functioning of the investment chain, obligation to facilitate the exercise of shareholder rights and vote confirmation.

In 2017 the group met three times. The discussions focused on:

- Basic principles (data protection, “formatting” and technology, etc);
- Flow of information from issuer to shareholder;
- General Meetings standards and vote confirmation, stressing importance to have open standards, accessible for everyone and not an obligation to just use one channel, and to have open interfaces;
- Corporate actions;
- Entitlement and notice of participation;
- Shareholder identification: a sub group on shareholder identification and proof of entitlement was set up.

At the beginning of 2018, EuropeanIssuers was liaising with members regarding the “internal” draft implementing acts discussed by the expert group. The EC launched a [consultation](#) on its draft implementing acts, open for feedback until 9 May 2018. This expert group will also advise the EC on the guidelines on remuneration. We understand they will look at them in April / May.

In August, Dr Kaum informed us that he was leaving MunichRe. His departure was effective in August, but he has an arrangement with MunichRe to continue different mandates at EU level until the end of the year. That would include his commitments within EuropeanIssuers and the EC expert group.

The last expert group was held on 16 November. Currently there are no further dates suggested for another meeting, however there is the possibility that there will be another one. The main points of discussion at the meeting were:

- Double reporting;
- Disclosure of confidential information;
- Disclosure of variable components of shares;
- Pensions: defined benefits disclosure and defined contribution disclosure;
- Severance package disclosures; and
- Disclosure of management pay in relation to average employee pay.

Dr Kaum reported that overall it was difficult to argue the issuer's position against the majority of other interests. The general opinion was that the tables in the shared remuneration guidelines were too complex and information should not be reported twice. There was a disagreement between investor between investor and advisor representatives on the one hand and issuers on the other regarding which components should be disclosed and how detailed they should be. Dr Kaum felt in the minority on most issues within the group and that the EC was biased towards more disclosures. In the end, they did not manage to cover all the drafts due to the lengths of the general discussion.

During the Policy Committee meeting on 21 November 2018, it was agreed that the Corporate Governance Working would be reconvened to discuss options including providing a non-paper to be submitted by Dr Kaum.

ESMA's Securities and Markets Stakeholder Group

This ESMA's group is composed of a wide range of stakeholders including consumers, financial market participants, issuers, shareholders, stock exchanges and fund managers. Its main role is to "facilitate" consultation with stakeholders through consultation on draft technical standards and guidelines. Mr Tim Ward represents EuropeanIssuers' interests in this expert group.

In 2018, the discussions amongst others focused on:

- The EC's consultation on Building a Proportionate Regulatory Environment to Support SME Listing.;
- Prospectuses: ESMA's consultation regarding both the technical advice it will provide to the EC on Level 2 measures under the Prospectus Regulation, and the regulatory technical standards;
- Review of the governance, funding and functioning of the European Supervisory Authorities;
- Recent market developments including on ETF trading and possible risks
- Brexit on key issues for ESMA and financial markets: Contractual continuity;
- KID disclosure rules and costs and charges;
- Fintech, virtual currencies and cyber security;

- Securities lending: discussion on the possible scope of an ESMA peer review on ESMA UCITS Guidelines;
- Issues in relation to the implementation of MiFID II: transactions outside the EU, the PRIIPS scope and research;
- ESMA's approach to the Q&A process;
- Supervisory Convergence Work: An interactive rulebook which is an on-line tool that aims at providing a comprehensive overview and easy access to all level 2 and level 3 measures adopted in the areas in ESMA's scope; and complaints handling in context of work leading up to breach of union law investigations and the criteria it has to apply in the procedure of investigation.

ESMA's Corporate Reporting Consultative Group

The Consultative Working Group to ESMA's Corporate Reporting Standing Committee

This ESMA's stakeholder panel focuses on corporate reporting, including accounting (especially IFRS related), audit, electronic reporting developments and storage of regulated information. It also works on supervisory convergence with reference to the Transparency Directive, Accounting Directive, IAS Regulation and Audit Regulation. Ms Elisabeth Gambert and Mr Lé Quang Tran Van represent EuropeanIssuers' interests in this expert group. The topics discussed were:

- The EC Corporate Reporting fitness check, including whether IFRS should be modified regarding sustainability concerns, whether the IASB (International Accounting Standards Board) conceptual framework should be endorsed or whether to create an EU conceptual framework.
- The EU Single Electronic Format, it was discussed whether it would improve transparency and whether it should be extended to cover all limited liability companies in the EU as of 2020. A report on the implementation process of IFRS 15, 9 and 16. IFRS 16 becomes applicable next year.
- Directive on Non-Financial Information: members called for more flexibility and the chapter on non-financial disclosures was appreciated.

ESMA's Consultative Working Group (CWG) to ESMA's Secondary Markets Standing Committee

Giuseppe Catalano (Generali, IT) represent EuropeanIssuers' interests in this expert group. The Consultative Working Group (CWG) for the ESMA Secondary Markets Standing Committee (SMSC) has continued its activity of assisting the SMSC itself in the technical advice to European authorities in relation to structure, transparency and efficiency of secondary markets for financial instruments. The only meeting was held on 11 June which Mr Catalano attended by conference call.

In the referenced period, SMSC has focused its attention on the development of the legal framework related to the complete implementation of MiFIR/MiFID II. In particular, members have been asked to provide their opinions on the following issues:

- Provision of market data by trading venues and Approved Publication Arrangements (APAs), which are required to provide such data on a reasonable commercial basis ensuring the non-discriminatory access to such information;
- Lack of a provider of a consolidated tape as far as Equity CTP is concerned;
- Periodic auction trading systems and possible further guidance by ESMA on this subject, also after the criticism expressed by the market to these systems;
- Implementation of the double volume cap mechanism;
- Bond liquidity calculations (in particular, after some difficulties encountered by ESMA itself);
- Trading obligations for shares and derivatives, with CWG members who have shared their views and experiences;
- Assessment of 3rd country trading venues for the purposes of post-trade transparency.

A new call for applications for the new mandate of CWG members was launched over the summer. Mr Catalano decided not to submit his application due to time constraints.

General Meetings' Standards – Market Implementation Group (EMIG)

Dr Kaum has been chairing GMs E-MIG on EuropeanIssuers' behalf since 2010. He had a mandate from Munich Re to continue his commitments in this respect until end of 2018.

With the EC's final implementing regulation published on 3 September 2018, it was considered useful to reconvene the General Meetings' European Market Implementation Group (GMs E-MIG), which includes chairs of the groups that had been set up in each Member States to deal with the implementation of the Market Standards for General Meetings. The meeting was an opportunity to discuss how different countries are preparing for the implementation of the revised Shareholder Rights Directive (SRD II), how to best proceed with the implementation of the implementing regulation and how does that interplay with the Market Standards for General Meetings.

As it was not possible this year to align GMs E-MIG with the meeting of the Corporate Actions MIG (the host requested paying for the hotel conference room), EuropeanIssuers organised a GM E-MIGs Meeting on 12 December 2018.

The meeting was hosted in Sofia, Bulgaria, and the agenda focused on the response E-MIG members provided to a questionnaire that gauges the impact of SRD II and Implementing Regulation (SRDII/IR) on European Market Standards for General Meetings; inquiries about current status of the market in terms of GM standards compliance; and inquiries about the technology used in each respective market.

European Financial Reporting Advisory Group (EFRAG) – EU Corporate Reporting Steering Lab

In September of 2018, the European Financial Reporting Advisory Group (EFRAG) put out a call for candidates to join their newly found EU Corporate Reporting Steering Lab (European Lab SG). Ms Elisabeth Gambert from AFEP put forward her candidature for the European Lab SG and was successful in securing a place there.

The European Lab SG is a multi-stakeholder Steering Group which is a step forward in the process of establishing a **European Corporate Reporting Lab (“European Lab”)**, which intends to stimulate innovation in the field of corporate reporting in Europe by identifying and sharing best practices. It will initially focus on non-financial reporting, including sustainability reporting. Projects may include climate-related disclosures in line with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. Successful candidates started their mandate on 15 November 2018.

The first meeting of the Steering Group took place on 27 November 2018.

Events

22nd European Corporate Governance Conference, April, Bulgaria

EuropeanIssuers was one of the supporting partners of the 22nd European Corporate Governance Conference which took place on 19 April 2018 in Sofia, Bulgaria. The event was organised under the auspices of the Bulgarian Presidency of the Council of the European Union and was endorsed by the Ministry of Finance and the Ministry of Justice.

The conference revolved around the theme of *“Corporate Governance Towards a New Culture for Disclosure, Transparency and anti-corruption”*. The conference brought together high-level representatives of the Bulgarian state and the European Commission, leading European institutions and organisations in the field of corporate governance as well as authoritative European experts from the academic community and the media.

The programme included panel debates addressing company law, recent corporate governance developments in the EU, governance challenges for cross-border companies and groups, the new culture of non-financial reporting and transparency as well as anti-fraud and compliance in governance.

Our former Senior Policy Adviser, Aleksandra Palinska spoke on the 2nd panel titled *“New Culture of non-financial reporting and transparency”* and stressed that rather than increasing rules or compliance, there is a growing need for improved regulation. Our Chairman, Luc Vansteenkiste spoke on the 4th panel *“Governance challenges for cross-border companies and groups”* and emphasised the importance of education, training and conviction of people as key drivers of corporate governance.

CICCPS, November, Brussels

On 7 November 2018, EuropeanIssuers welcomed 22 delegates belonging to the CICCPS, a Chinese Delegation. The meeting was organised in the context of [Invest Week 2018](#) and consisted of an introduction between EuropeanIssuers and CICCPS. EuropeanIssuers discussed its activities within the EU policy sectors and CICCPS expressed desire for a potential partnership between the two entities. The gathering consisted of a brainstorming session to identify potential European companies interested in investing in China and Chinese companies interested in investing in Europe.

EuropeanIssuers Capital Markets Forum, December, Brussels

On the 4th and 5th of December 2018, EuropeanIssuers organised its “Capital Markets Forum” to celebrate its 10-year anniversary.



The 2-day event was composed of four different panels titled as follows:

- “Future of EU Capital Markets post-Brexit”
- “Capital Markets Regulation: do we need a more proportional and flexible approach?”
- “Revised Shareholder Rights Directive: opportunities and threats - preparation for the application of new rules”
- “Future of Corporate Reporting”

With many high-level speakers and moderators on each panel, the conference turned out to be much better than expected and EuropeanIssuers received very positive feedback. Following from a EuropeanIssuers survey, what participants enjoyed the most was the high-level panel discussions, the quality of the speakers and the valuable networking opportunities. The overall reception, venue and organisation were also highlighted and hugely appreciated.

For this Capital Markets Forum, EuropeanIssuers received the support of three sponsors confirming their partnership at the gold level, namely Nasdaq, Barclays and Visit Brussels. For the year 2019, EuropeanIssuers will seek continued cooperation with all three partners.

After the conference, EuropeanIssuers completed several actions. A few days after the forum, a [press release](#) was published on EuropeanIssuers’ website, LinkedIn and Twitter accounts, reaching over 1000 impressions. Alongside the press release, EuropeanIssuers also issued [several newsflashes](#) covering the key takeaways and main ideas addressed during each panel. Finally, in cooperation with two cameramen, EuropeanIssuers produced [two highlight videos](#) encapsulating key panel snippets and interview slots from both days – both available on YouTube, the website and social media accounts.



Dr. Martin Hock, Andy Baldwin, Cian Rice, Ugo Bassi, Lauri Rosendhal and Pierre Marsal on the “Future of EU Capital Markets Post-Brexit” panel discussion.

After an insightful year in [2017](#), EuropeanIssuers decided to ensure the Capital Markets Forum was a part of [Invest Week 2018](#). Once again, Invest Week brought together investors, entrepreneurs, policymakers and visionary thinkers for a week of events exploring how investment can deliver a brighter future for Europe.

European Small and Mid-Cap Awards Dinner and Ceremony, December, Brussels



Florence Bindelle and Rainer Riess

EuropeanIssuers, along with FESE and the European Commission, organised the [6th annual European Small and Mid-Cap Awards](#). The SME Awards were also part of and largely promoted by Invest Week.

The Awards aim to promote best practices and to highlight the best European Small and Mid-Sized Companies that have gained access to capital markets via an IPO. They showcase the diversity of European markets and aim to promote stock listings, targeting SMEs and growth companies. These companies are critical to European economic recovery and to accomplishing the EU's goals of job creation, competitiveness and growth.

Florence Bindelle, Secretary General of EuropeanIssuers, and Rainer Riess, Director General of FESE, introduced the awards. The Awards Ceremony was attended by some 180 guests including journalists, CEOs, policy makers and representatives from 10 different stock exchanges as well as nominated company representatives from all 13 company finalists.

Winners

Category	Winners	Description
International Star	Boku https://www.boku.com/ 	Boku is the world's leading independent direct carrier billing company. Boku's technology enables mobile phone users to buy goods and services and charge them to their phone bill or pre-paid balance.
Rising Star	Atrys Health http://www.atryshealth.com 	The Company carries out numerous R&D projects, always in collaboration with prestigious companies and academic institutions, to develop new ways of detecting or treating cancer. R&D is focus on diagnostic algorithms, liquid biopsy and new applications of single-dose radiotherapy.
Star of Innovation	Polski Bank Komórek Macerzystych (PBKM) https://www.pbkm.pl 	PBKM is the parent company of Famicord Group managing family stem cells banks, across Europe and Turkey. After the recent acquisition in Portugal, Famicord has almost 30% European market share in terms of the number of processed stem cell samples, being far the largest stem cells bank in Europe and belonging to Top 10 in the world.
Star of 2018	Takeaway https://www.takeaway.com 	Takeaway.com, listed on Euronext Amsterdam, is the leading online food delivery marketplace in Continental Europe and Vietnam. The Company is focused on connecting consumers and restaurants through its platform.
Special Mention	Kereitsu Forum http://www.keiretsuforum.com 	Keiretsu Forum is a global investment community of accredited private equity angel investors, venture capitalists and corporate/institutional investors. The global network of capital, founded in California in 2000, with 53 chapters, 9 of them in Europe.

Advisory Council, December, Brussels

The first high-level Advisory Council (AC) was held on 4 December 2018. With 17 attendees and a great venue, the Advisory Council was a success. The preliminary list of potential candidates for the newly established Advisory Council emanated from the following companies so far: WORLD FEDERATION OF INVESTORS, SONEPAR, VEOLIA, BNP PARIBAS FORTIS, TITAN S.A., UNICREDIT, PostNL N.V., SIX GROUP, PKO BP, ORANGE POLSKA, ORYZON, REN S.A.

Ernst&Young (EY), delivered a detailed presentation on economic, global and Brexit specific elements. Stefano Micossi, former Director General at Assonime, also gave a presentation on imbalances occurring in Europe between richer Northern countries and poorer countries from the South. He pointed to a number of reasons for this and focused the dialogue on how Europe can become an entity that corresponds to the needs of all and not only of some.

Overall, the meeting was excellent thanks to a lovely venue, thorough organisation in terms of supplies and reception as well as high-quality discussions. All participants were extremely satisfied with the subjects addressed and appreciated the forward-looking approach on these issues.

IR Summit, December, Paris

Having already partnered in past summits, EuropeanIssuers renewed its partnership for the 9th IR Summit hosted by Kepler Cheuvreux in Paris on December 14th. Two of EuropeanIssuers' member associations, the QCA and MiddleNext, were also partners in the organisation of the event. With over 210 attendees, the audience was mainly composed of Investor Relation Executives and Fund Managers from all over the world.

The programme mainly focused on regulatory, management and strategic communication. There were various ESG discussions, interactive workshops and presentations held by market leading Asset Managers. The debates were extremely varied, ranging from activists' expectations and passive investment growth to MiFID II and alternative financing.

Communication

Speaking Engagements

During the year 2018, EuropeanIssuers was widely present at conferences, seminars and events to share and raise members' voice. EuropeanIssuers was present at the following events:

- On 8 February 2018, Florence Bindelle presented several developments regarding sustainable finance during the BusinessEurope Working Group in Brussels.
- On the 15 March 2018, Florence Bindelle and Aleksandra Palinska made a presentation on the latest policy developments at the internal meeting of ABSC-BVBV, EuropeanIssuers' Belgian issuer association.
- On 19 March 2018, Aleksandra Palinska spoke on the panel "*Financial regulation in the 21st century - evolution and disruption*" at an [event](#) organised by NEW EUROPE NEWSPAPER at the Brussels Press Club. She discussed the potential negative impacts of MiFID II on analyst

research, especially on smaller listed companies. She also addressed the growing challenges due to new Market Abuse rules as well as the opportunities and threats of digitalisation and its impact on financial regulation.

- On 19 April 2018, Luc Vansteenkiste and Aleksandra Palinska spoke at the 22nd European Corporate Governance Conference in Sofia, Bulgaria. The conference was organised by EY, endorsed by the Ministry of Finance, the Ministry of Justice and was set up under the auspices of the Bulgaria Presidency of the Council of the European Union. EuropeanIssuers was among the supporting partners. More information and full recording of the conference is available [here](#).
- On 5 May 2018, Florence Bindelle spoke about capital markets at the Horasis Global meeting in Portugal. Florence stressed the importance of the role of capital markets in supporting companies' growth with long term investments, to fuel the economy and to create wealth.
- On 15 May 2018, Le Quang Tran Van (Afep), co-chair of EI Corporate Reporting WG, spoke on behalf of EuropeanIssuers at ACCA- EBRD- Barclays event "*Empowering businesses to engage with sustainable finance and the SDGs*" in Brussels.
- On 24 May 2018, Aleksandra Palinska spoke on the panel "[Enabling Middle Market Businesses to Achieve Sustainable Success](#)" organised by Mazars in partnership with the Academy of Business in Society within the European Business Summit. The roundtable considered a range of critical issues that both policy makers and middle market businesses need to address to unlock the full potential of mid-tier companies and the benefits they can bring to the EU economy. A full report of Mazars-ABIS panel session is available [here](#).
- On 8 June 2018, Florence Bindelle gave a speech at the European Corporate Governance conference organised by Emisores Españoles and hosted by Abertis in Barcelona. She introduced EuropeanIssuers and stressed the crucial importance for companies to have a regulatory environment which creates certainty and allows for easier and better access finance.
- On 25 June 2018, Aleksandra Palinska moderated the panel discussion on the "*Future of financial regulation*" at the event organised by New Europe at the Brussels Press Club. The panel discussion raised important questions such as: *Is the implementation of financial regulation on a global scale matching its intent? Will Artificial Intelligence be handling your investments? Do we develop too fast?*
- On 19 July 2018, Florence Bindelle spoke at a roundtable on SME growth markets organised by the European Capital Markets Institute (ECMI) and is part of the Centre for European Policy Studies (CEPS) in Brussels.
- On 28 November 2018, Florence Bindelle, Secretary General of EuropeanIssuers, spoke at the [Financial Ecosystems 1 day conference](#) during Panel 1 addressing "*CMU 2.0 - How to Optimize European Capital Markets*" from 11.00am to 12.00pm. This conference was held as part of the Invest week programme.
- On 29 November 2018, Florence Bindelle attended a private dinner debate of Accountancy Europe. The purpose of this dinner debate was to discuss how new technologies and processes are already reshaping the landscape in which corporate performance information is available.
- On 30 November 2018, Luc Vansteenkiste spoke at "[The Future of Corporate Reporting in a Digital & Sustainable Economy](#)" conference organised by the European Commission. Luc Vansteenkiste spoke on Panel 4 titled "*Corporate reporting: time to embrace the digital*

revolution?". This high-level event focused on whether the EU legislative framework for corporate reporting needed to be adapted to better serve capital markets and the EU economy overall.

- On 6 December 2018, Florence Bindelle presented 3 EU projects at the core of the EU policy debate to FEB members. Later that day, Florence Bindelle also spoke on the panel "Attracting institutional and private investors". This was part of the "Banking and Capital Markets Union" workshop organised by the European Commission.

PART 2: ASSOCIATION REPORT

Press

Throughout the year 2018, EuropeanIssuers thoroughly reviewed and updated its press list, with contacts totalling up to 400 at the end of December 2018. This review led to a number of achievements.

On 23 April, a meeting took place between Olga Kletsy, Editor-in-Chief at Picking Alpha, and Florence Bindelle to discuss the policy related subjects linked to the Small and Mid-Cap Awards Ceremony 2018.

In [June](#) and [July](#), EuropeanIssuers was mentioned in two articles published by l'Agefi regarding the context of PRIIPs and corporate bonds.

Furthermore, Florence Bindelle and Aleksandra Palinska met with Jean Comte, a journalist from the French financial daily l'Agefi, to discuss topics of common interest and ways of cooperating in the future. On the 29th of June, an [article](#) co-written by EuropeanIssuers and AFME was published on l'Agefi's website and Jean Comte's twitter account.

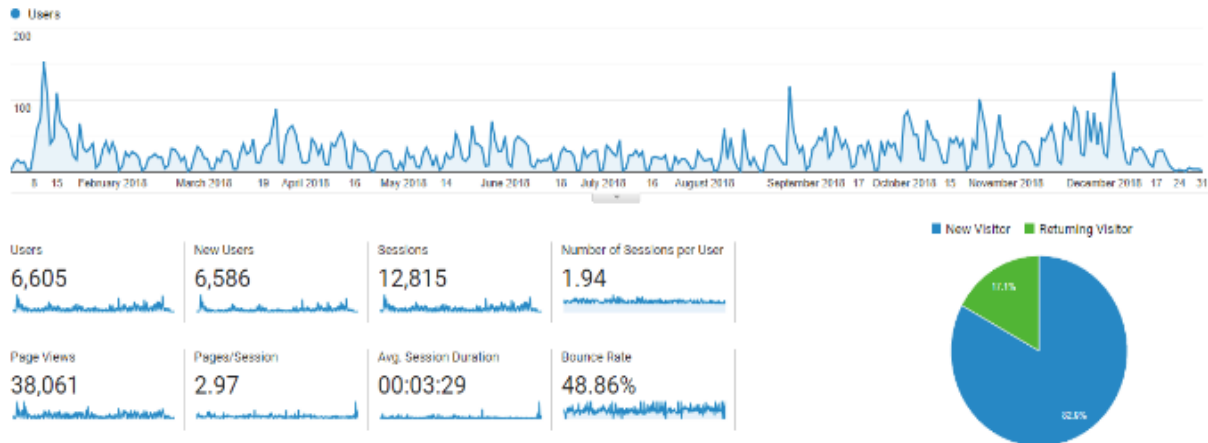
Later in the summer of 2018, EuropeanIssuers developed a partnership with [Board Agenda](#). Florence Bindelle and Aleksandra Palinska wrote a first opinion article on the [Revised Shareholder Rights Directive](#), which was published on the 18th of October. A second EuropeanIssuers opinion article was then published. The article focused on promoting SME Growth Markets and making the case for a sound regulatory framework for small and mid-cap companies. Additionally, on December 20th, Florence was quoted in an article focusing on [Sustainable Finance policies](#).

Moreover, in December, following from the European Small and Mid-Cap Awards, two German newspapers published articles about the Awards Ceremony. These articles, in German, were written with the collaboration of Dr. Martin Hock, a Jury Member of the SME Awards. The published articles are available online on "[Going Public](#)" and "[Bond Guide](#)".

In 2018, EuropeanIssuers produced over [40 Newsflashes](#) and issued 3 press releases as follows:

- [Engagement with EU listed companies required to make the Commission's Action Plan on Sustainable Finance a success](#), on the 3 March 2018
- [The Winners of the 6th European Small and Mid-Cap Awards 2018](#), on the 7 December 2018
- [EuropeanIssuers Capital Markets Forum 2018](#), on the 11 December 2018

Website

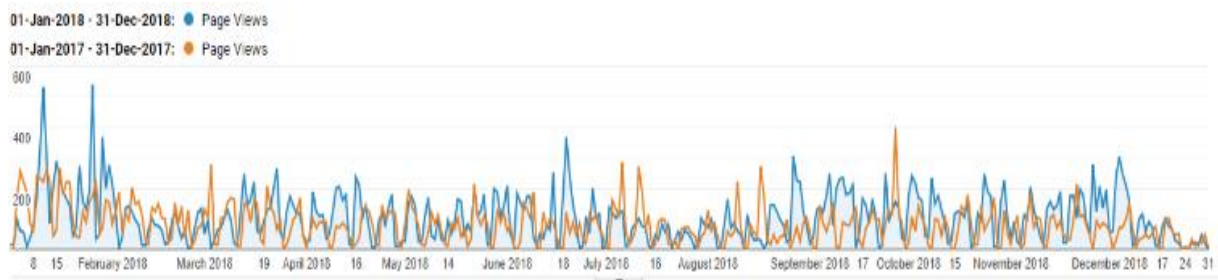


Here above the number of users of EuropeanIssuers' website during 2018.

With increasing promotion of EuropeanIssuers' activities, speaking engagements and events, EuropeanIssuers' website traffic followed a positive curb during the year 2018. The EuropeanIssuers website retained 6,605 users, attracted over 6,586 new users and generated 38,061 page views over the course of 2018. In terms of session duration, a regular user browsed the website for an average of 3:29 minutes, which is above average.

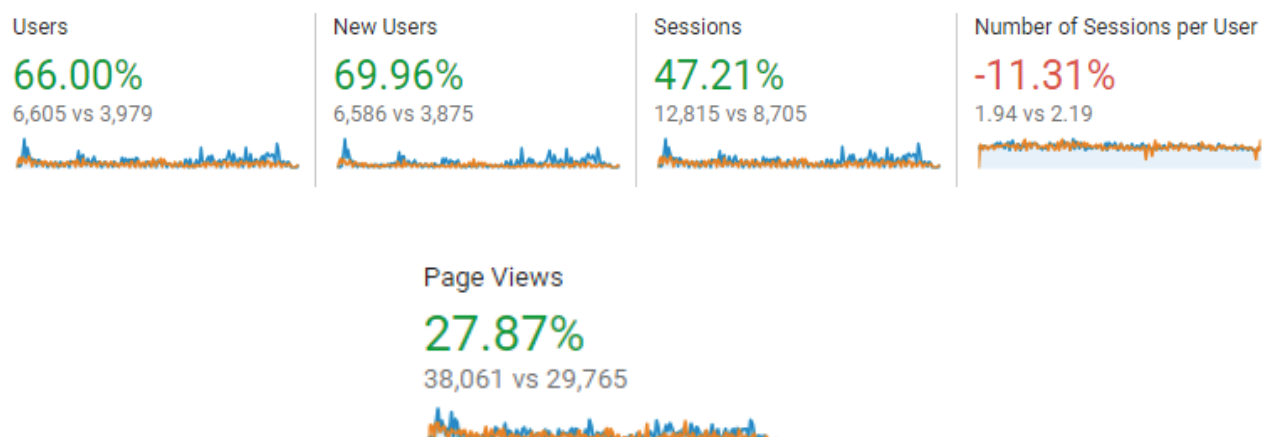
After the Homepage, the most viewed page on the website is the Publications Viewer page. This page includes the following sections of the website: press releases, newsflashes, speaking engagements, press articles and member news. This indicates that users hold a strong interest in our activities and accomplishments.

In addition, EuropeanIssuers also tried to increase their members' visibility by sharing their press releases, news or other activities of interest on the website and social media accounts. For instance, among others, EuropeanIssuers shared the [European Corporate Governance Conference](#) organised by Emisores Españoles and published a newsflash congratulating Mr Piotr Bernacki for his successful application to ESMA's Securities and Markets Stakeholder Group.



Comparing the 2018 results to 2017, EuropeanIssuers' overall visibility and website traffic increased greatly. For instance, the amount of old users and new users improved by 66% and 69.96% respectively. The overall number of sessions (old or new) surged by 47.21% rising from 8,705 sessions in 2017 to 12,815 sessions in 2018. Additionally, the number of page views increased by nearly 9,000 and thus, rose by 27.87% from the year 2017.

However, the number of sessions per user decreased by 11.31% moving from 2.19 to 1.94.



In demographic terms, website users come from 3 main countries namely, Belgium, the United States and Italy.

Country	Users	% Users
1. Belgium	1,839	27.12%
2. United States	1,104	16.28%
3. Italy	667	9.83%
4. France	541	7.98%
5. United Kingdom	429	6.33%
6. Germany	425	6.27%
7. Spain	214	3.16%
8. Netherlands	145	2.14%
9. Greece	132	1.95%
10. Poland	83	1.22%

Social Media

On social media, EuropeanIssuers maintained their presence with regular posts relating to specific speaking engagements, position papers, public newflashes, events marketing, mentions in the press and presence at conferences. EuropeanIssuers received very positive tweets and some social media coverage in this arena. Over the course of the year, this led to an increase in followers on both LinkedIn and Twitter.

Number of followers	2015	2016	2017	2018
LinkedIn	80	91	180	256
Twitter	132	263	452	480

EuropeanIssuers @EuropeanIssuers · 28 Nov 2018
 "A more proportionate Regulatory approach across #EU Law is needed to support listing of Smaller companies"
 said @FBindelle @EuropeanIssuers Secretary General, at The Nordic Financial Ecosystem Forum in Brussels #NFEF2018 #InvestWeek @Nasdaq @eqt



EuropeanIssuers' top tweet of 2018 made 13,373 impressions overall and was retweeted by Nasdaq's official account.

July was a peak month for EuropeanIssuers' twitter account. Overall tweets, tweet impressions, profile visits, mentions and new followers soared greatly.



Due to the holiday season, EuropeanIssuers' activities on Twitter slowed down slightly in December 2018. Nonetheless, profile visits, mentions and followers steadily increased, indicating interest in our profile and activities.



IssuersHub Mobile App

On 12 November 2018, there were 11-member companies posting their financial information on *IssuersHub* while there were 841 companies in total on the Mobile App. There is still a lot to be done to increase our issuers presence and users on the Mobile Application.

More on *IssuersHub* on:

- For **Apple** Smartphones / Tablets:
<https://itunes.apple.com/us/app/issuershub/id1234555785?mt=8>
- For **Android** Smartphones / Tablets:
<https://play.google.com/store/apps/details?id=com.symexeconomics.euissuers>

Membership

EuropeanIssuers' members consist of both national associations and issuers themselves, being EU companies quoted on the main regulated markets and the alternative exchange-regulated markets, from all sectors.

In 2018, EuropeanIssuers' membership covered 15 EU countries (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Italy, Malta, Netherlands, Poland, Portugal, Spain, Switzerland and the UK) with 15 associations, 1 associate member and 32 companies. Through active participation in EuropeanIssuers' committees and working groups, there has been a consistent level of association membership. Although corporate membership had been declining over recent years due to the highly competitive environment in the advocacy sector and the overall economic environment, EuropeanIssuers managed to acquire four extra members during the year 2018. These were: Danone, Computershare Limited, Oryzon Genomics and Novartis.

On 31 December 2018, due to necessary restructuring and financial reasons, Telefonica's exit from EuropeanIssuers was effective.

EuropeanIssuers' goal in 2018 was to reinforce the value proposition to members with improved services and enhanced communication and interaction. This continues to be an area of major importance for the relevance and long-term sustainability of activities EuropeanIssuers will be working on in 2019.

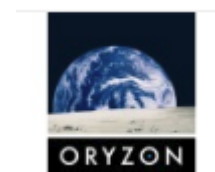
Member Associations



Associate Members



Member Companies



Member Services

EuropeanIssuers offers a number of services to its members such as advocacy, intelligence gathering, monitoring and communications, networking and education at events.

Advocacy

- ✓ Meetings with EU policymakers (European Commission, European Parliament, Council of the EU and European Securities and Markets Authority);
- ✓ Meetings with other stakeholders and coalition building;
- ✓ Developing proposals in the interest of better functioning financial markets for the benefit of quoted companies;
- ✓ Responding to EU consultations via working groups and committees to seek common agreement across national jurisdictions;
- ✓ Representation in the stakeholder and expert groups of various institutions and bodies.

Intelligence resources

- ✓ Participation in an efficient and successful network of experts by taking part in EuropeanIssuers standpoints and joining in working groups and policy committees;
- ✓ Access to high-level speakers to hear their views on current legislative dossiers;
- ✓ Members' area of the EuropeanIssuers web portal with an online working space where members share their expertise and experience.

Monitoring and Communication

- ✓ Secretariat based in Brussels to keep track of EU initiatives and provide members with first - hand information on regulatory changes;
- ✓ Specific alerts regarding consultations of interest;
- ✓ Bi-monthly member newsletter;
- ✓ Rapid access to a wide range of EU legislation information via the website.
- ✓ Constantly updated "Policy Scorecard" with an overview of EU legislation with links to relevant documents for members only.
- ✓ Free advertising on the website of member events.
- ✓ Publication of financial information on *IssuersHub* Mobile App.

Networking and education at events

- ✓ High level events to meet peers and key players active in the European financial regulation;
- ✓ Roundtable discussions with investors and other stakeholders;
- ✓ An ideal platform to access a wide network of professionals across Europe;
- ✓ Members only events and meetings to discuss key issues with peers (Annual General Assembly, Policy Committee and Smaller Issuers Committee).

Annual General Meeting

The Annual General Meeting (AGM) was held on 20 April 2018. As part of the statutory agenda, the annual accounts, the budget and other governance related decisions were approved. The AGM also renewed mandates and appointed new members to its board.

The AG members warmly thanked Mr Stefano Micossi for the work and implication during his Board mandate, and endorsed the end of his mandate. A new mandate was issued for Mr Marcello Bianchi, Deputy Director General at Assonime, as he replaced Mr Micossi.

Financial Model

EuropeanIssuers' ability to maintain and grow its programme of activities and operations is totally dependent on its financial health. Since 2016, our accumulated reserves have increased to reach €384 000 at the end of 2018. Our reserving policy requires us to maintain reserves to cover the legal liabilities in case of liquidation, which are approximately 6 months of operating costs which is €241 500.

Business Model

In order for EuropeanIssuers to deliver services to its members, it relies upon an efficient business model to maintain its revenues and to leverage its resources.

The essential ingredients of the business model are as follows:

- a) Members' subscription fees will be maintained at the lowest possible level in order to maximise value for members and reduce any barriers for prospective members.
- b) All member services are 'free of charge' to fee paying members.
- c) Membership fees represent 96% of EuropeanIssuers' overall revenue.
- d) Sponsorships cover the remaining 4 %.
- e) We aim to achieve a small trading surplus each year having reached an acceptable level of reserves in accordance with our reserving policy.
- f) All EuropeanIssuers activities are authorised by the Board through the various policy committees and working groups.

For 2018 and beyond, we plan to seek additional revenue from one major event to reinforce the resources, and we will also leverage our positions and lobbying activities. We will also look at surveys, networking opportunities and position papers together with the deployment of lobbying and alliances to help our members.

Financial Statements 2018

The result of the year for 2018 is a profit of 32.205€. The result for 2017 was a loss of - €969.

Income Statement

Revenues

The membership income is above budget expectations by 10% thanks to the growth in membership. The sponsorship for the awards has just covered the cost and the event is breakeven. The above result combined with the new partnership with key stakeholders results in an increase of income for 2018 by 17% compared to 2017.

The organisation is mostly dependent on the member's long-term funding commitment to support its activities. The new funding schemes that have been explored are aligned to the strategic plan to find other funding sources through external partnerships and new projects.

Expenditures

At 80% of total expenses, salaries represent the largest budget item. In 2018, those have been slightly above the budget due to changes in the staff structure. The other costs have been contained. Overall, the total 2018 expense figures are slightly above budget due to the anticipated payments in HR for the departure of Joelle Daem.

Statement of Financial Position

EuropeanIssuers is a not for profit organisation subject to Belgian law on not for profit organizations of 27 June 1921. Between 2017 and 2018 the current assets increased by 5% from 408.850€ in 2017 to 430.073 in 2018. The short-term liabilities decreased by 21%, from 63.878€ in 2017 to 50.522 in 2018. The fixed assets have decreased from 8 903€ in 2017 to 6 528 € in 2018. Working capital increased by 9% in 2018 compared to 2017.

From this review, EuropeanIssuers' financial position is improving and still in line with its reserve policy and in good health to allow its future expansion and growth.

Governance

Bylaws

The bylaws are the set of rules established by EuropeanIssuers to regulate itself, as allowed by the Belgian authorities. EuropeanIssuers is set up as a not-for-profit organisation under the Belgian Law of 27 June 1921. A copy of the bylaws is available on the [website](#).

Secretariat

The secretariat is based in Brussels where the team is located.

Chairman: [Luc Vansteenkiste](#)

Secretary General: **Florence Bindelle** (florence.bindelle@europeanissuers.eu)

Policy Adviser: **Frederico Martins** (frederico.martins@europeanissuers.eu)

Policy Assistant: **Benjamin DeBerg** (info@europeanissuers.eu)

Communications Officer: **Kelly Piron** (kelly.piron@europeanissuers.eu)

Communications Assistant: **Lucas Moutiaux** (lucas.moutiaux@europeanissuers.eu)

Board Members

The Board is composed of 18 members who are elected for a 3-year mandate.



Luc VANSTEENKISTE, **Chairman**

EuropeanIssuers

<http://www.europeanissuers.eu>



Christine BORTENLÄNGER, **Board Member**

Managing Director

DEUTSCHES AKTIENINSTITUT

<https://www.dai.de>



Marcelo BIANCHI, **Board Member**

Deputy Director General

Assonime

<http://www.assonime.it>



Dr. Athanasios KOULORIDAS, **Board Member**

Legal Counsel

Union of Listed Companies



Abel FERREIRA, **Board Member**

Executive Director

AEM - ASSOCIAÇÃO DE EMPRESAS EMITENTES DE VALORES COTADOS EM MERCADO

<https://emitentes.pt>



Adolfo FEIJOO REY, **Board Member**

Member of the Executive Committee

Emisores Espanoles

<https://www.emisoresespanoles.es>



Karl FUCHS, **Board Member**

Managing Director

Aktienforum

<https://www.aktienforum.org>



Mirosław KACHNIEWSKI, **Board Member**

Chairman

SEG - Stowarzyszenie Emitentów Giełdowych

<https://seg.org.pl>



Jan NOOITGEDAGT, **Board Member**

Director General

Veuo - Vereniging Effecten Uitgevende Ondernemingen

<https://www.veuo.nl>



Muriel de SZILBEREKY, **Board Member**

Managing Director

ANSA – Association Nationale des Sociétés par Actions

<http://www.ansa.it>



Gabriel RUMO, **Board Member**

CEO

SwissHoldings

<https://swissholdings.ch>



François SOULMAGNON, **Board Member**

Director General

AFEP – Association française des entreprises privées

<http://www.afep.com>



Pieris THEODOROU, **Board Member**

Chairman

Sydek – Cyprus Association of Listed Companies

<http://www.sydek.org>



Massimo TONONI, **Board Member**

Chairman

Previously Prysmian Chairman

<https://www.prysmiangroup.com>



Natalia VALTASAARI, **Board Member**

Director Investor Relations

Wärstilä Corporation

<https://www.wartsila.com>



Koenraad DEJONCKHEERE, **Board Member**

Chairman

*ABSC-BVBV – Association belge des sociétés cotées
en Bourse – Belgische vereniging van
beurgsgenoteerde vennootschappen*



Tim WARD, **Board Member**

Chief Executive

Quoted Companies Alliance

<https://www.theqca.com>



Caroline WEBER, **Board Member**

General Manager

Middlenext

<http://www.middlenext.com>

Policy Committee Members



Odile DE BROSSES, *Chairwoman of the Policy Committee*

Name	Organisation	Country
Alaez Begona	Santander	<i>Italy</i>
Amendolagine Michele	Assicurazioni Generali	<i>Italy</i>
Andrieux Eric	Michelin	<i>France</i>
Badini	ENI	<i>Italy</i>
Beglinger Jacques	Swissholdings	<i>Switzerland</i>
Bianchi Marcello	Assonime	<i>Italy</i>
Biernacki Piotr	SEG	<i>Poland</i>
Bonomo Fabio	Enel	<i>Italy</i>
Bosquet Sophie	Danone	<i>France</i>
Coppini Karen	Hili Ventures	<i>Malta</i>
Corney Claire	ComputerShare	<i>United Kingdom</i>
Cremers Thiebald	BNP Paribas	<i>France</i>
De Felice Alessandro	Prysmian Group	<i>Italy</i>
Duchateau Jean-Baptiste	Veolia	<i>France</i>
Felter Enrico	Italmobiliare	<i>Italy</i>
Ferreira Abel	AEM	<i>Portugal</i>
Fuchs Karl	AktienForum	<i>Germany</i>
Geraci Lucrezia	Edison	<i>Italy</i>
Grondhuis Myrtle	Veuo	<i>The Netherlands</i>
Koulouridas Athanasios	Union of Listed Companies	<i>Greece</i>
Lück Maximilian	DAI	<i>Germany</i>
Marsal Pierre	ANSA	<i>France</i>
Paris de Bollardière Charles	Total	<i>France</i>
Passamonti Francesca	Intesa SanPaolo	<i>Italy</i>

Pélerin Jérémie	AFEP	<i>France</i>
Peetermans Eric	VBO-FEB	<i>Belgium</i>
Renard Patrick	Air Liquide	<i>France</i>
Rello Enric	Oryzon Genomics	<i>Spain</i>
Rognon Serge	L'Oréal	<i>France</i>
Roovers Michiel	Unilever	<i>The Netherlands</i>
Schaus Malorie	VBO-FEB	<i>Belgium</i>
Theodorou Pieris	Sydek	<i>Cyprus</i>
Van Den Hurk	Aegon	<i>The Netherlands</i>
Van Der Woude	Relx	<i>United Kingdom</i>
Ward Tim	QCA	<i>United Kingdom</i>
Weber Caroline	Middlenext	<i>France</i>

Smaller Issuers Committee Members

Tim WARD, The QCA
Co-chair of the Smaller Issuers Committee



Caroline WEBER, MiddleNext
Co-chair of the Smaller Issuers Committee



Name	Organisation	Country
Allotti Valentina	Assonime	<i>Italy</i>
Elsa Andrés-Sanchis	Emisores Españoles	<i>Spain</i>
Alessandra Casale	Assonime	<i>Italy</i>
Christine Darville	VBO-FEB	<i>Belgium</i>
Ferreira Abel	AEM	<i>Portugal</i>
Fuchs Karl	Aktienforum	<i>Germany</i>
Leven Franz-Josef	DAI	<i>Germany</i>
Stewart Donald	The QCA	<i>United Kingdom</i>
Witkowski Dariusz	SEG	<i>Poland</i>

Working Groups

Topic of the Working Group	Chaired by	Association	Country
Capital Market Union	Gerrit Fey	DAI	Germany
	Max Lück		
Corporate Bonds	Le Quang Tran Van	AFEP	France
Corporate Governance I	Odile de Brosses	AFEP	France
Corporate Governance II	Pierre Marsal	ANSA	France
Corporate Reporting	Le Quang Tran Van	AFEP	France
	Elisabeth Gambert	AFEP	France
Company Law	Valentina Allotti	Assonime	Italy
EMIR	Vittorio D'Ecclesiis	ENI	Italy
Supervisory Reporting	Vittorio D'Ecclesiis	ENI	Italy
Financial Transaction Tax	Le Quang Tran Van	AFEP	France
Market Abuse	Paola Spatola	Assonime	Italy
Public Country-by-Country Reporting	Pierre Marsal	ANSA	France
Prospectus	Tim Ward	The QCA	United Kingdom
	Le Quang Tran Van	AFEP	France
Smaller Issuer WG	Tim Ward	The QCA	United Kingdom
	Caroline Weber	Middlenext	France
Securities Law, Markets' Infrastructure and Standards for General Meetings	Pierre Marsal	ANSA	France

EuropeanIssuers Working groups

EuropeanIssuers has several groups of experts working together to discuss policy issues affecting European quoted companies and develop common positions reflecting the views of EuropeanIssuers members. Those Working groups cover several legislative files in the same field and are created to analyse the European legislative proposals. There are at least 3 members from different member associations/companies with geographically balanced composition in order to represent a truly pan-European viewpoint. A chair is appointed amongst the members of each WG based on time commitment and expert knowledge of the topic. Decisions are taken by consensus.

- Emir - chaired by Vittorio D'Ecclesiis, function, ENI, Italy

This working group addresses the proposals of the European Commission on the reviews of the existing **EMIR Regulation** which regulates the reporting, clearing and margining of derivative transactions. The **European Market Infrastructure Regulation (EMIR)** is a body of European legislation for the regulation of over-the-counter derivatives. It was originally adopted by the EU legislature on July 4, 2012 and came into force on August 16, 2012.

- Corporate Reporting - co-chaired by Elisabeth Gambert (Afep, France) & Lé Quang Tran Van (Afep, France)

This working group addresses 3 items:

Sustainable Finance action plan proposals

On 8 March 2018, the European Commission published a **Sustainable Finance** Action Plan, unveiling an EU strategy on sustainable finance setting out a roadmap for further work and upcoming actions covering all relevant actors in the financial system presented in the Action Plan.

XBRL format of reporting

The draft Regulatory Technical Standards (RTS) published by European Securities and Markets Authority (ESMA) specify the new digital format in which issuers should prepare their Annual Financial Reports (AFRs) starting from 2020. The draft RTS obliges listed European companies to file their annual reports as a XHTML document in which the consolidated financial statements in IFRS shall be encoded in the so-called inline **XBRL (iXBRL)**-format.

Guidelines on non-financial reporting

The Commission adopted guidelines on the disclosure of environmental and social information to help companies disclose relevant non-financial information in a consistent and more comparable manner. The aim is to boost corporate transparency and performance, as well as encourage companies to embrace a more sustainable approach.

- **Supervisory Reporting - chaired by Vittorio D'Ecclesiis (ENI, Italy)**

This working group addresses the consultation on the **fitness check of the EU supervisory reporting requirements** in the financial sector. The assessment of supervisory reporting requirements in EU financial legislation check if these requirements are meeting their objectives, if the different reporting frameworks are consistent with one another, and if the cost and burden of reporting is reasonable and proportionate. It identifies areas where the reporting cost and burden could be reduced by streamlining requirements, while continuing to ensure financial stability, market integrity, and consumer protection.

- **Capital Markets Union - chaired by Gerrit Fey and Max Lück (Deutsches Aktieninstitut, Germany)**

This working group addresses the European Commission's **Action Plan for a Capital Markets Union** to help build a true single market for capital across the EU launched in 2015. The Action Plan is a key pillar of the Investment Plan for Europe, the so-called "Juncker Plan". A single capital market will be beneficial for all EU Member States, but will particularly strengthen the Economic and Monetary Union, by fostering cross-border private risk-sharing in the euro area to absorb systemic economic shocks.

It is built around the following key principles:

- Deepening financial integration and increasing competition
- Creating more opportunities for investors
- Connecting finance to the real economy by fostering non-bank funding sources
- Ensuring a stronger and more resilient financial system.

- **Securities Law & Markets' Infrastructure – chaired by Pierre Marsal (ANSA, France)**

This working group addresses the proposal published on 12 March 2018 by the Commission for a **Regulation on the law applicable to the third-party effects of assignments of claims**, accompanied by a **Communication clarifying the applicable law to the proprietary effects of transactions in securities**.

- **Corporate Governance - chaired by Odile de Brosses (Afep, France)**

The working group addresses:

Proxy Advisors

The experience with shareholder voting research & analysis providers, often referred to as "proxy advisors", seems to vary among different EU countries and companies: transparency and engagement with companies, of the voting policy, management of conflicts of interests, local corporate governance and market practices are covered in this working group.

Shareholders Rights Directive

The Shareholder Rights Directive II (SRD II) is a European Union (EU) directive, which sets out to strengthen the position of shareholders and to ensure that decisions are made for the long-term stability of a company. It amends SRD1 which came into effect in 2007, with the objective of improving corporate governance in companies whose securities are traded on the EU's regulated markets. SRD II, as an amending Directive, will require transposition into each Member State's national law and is expected to be implemented during Q2:2019.

- **Public Country-by-Country Reporting - chaired by Pierre Marsal (ANSA, France)**

This working group addresses the proposal on public country-by-country reporting. On 12 April 2016, the Commission published a proposal on **public country-by-country reporting** as an amendment to the Accounting Directive of 2013, together with an impact assessment. The proposal contains a requirement for multinational companies with turnover exceeding €750 million annually and operating in the European Union, to disclose certain accounting and tax information on their world-wide operations. This tax information will include income tax paid and accrued as well as "contextual" information (description of activities, number of employees, annual revenue). This information is to be broken down by country for the EU Member States and tax heavens but aggregated for other non-EU tax jurisdictions.

- **Prospectus - co-chaired by Tim Ward (the QCA, UK) and Lé Quang Tran Van (Afep, France)**

This working group addresses the Regulation EU 2017/1129 of the European Parliament and the Council of 14 June 2017 on the **prospectus** to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC and the Commission's draft delegated act to be adopted under the Prospectus Regulation (EU) 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

- **Market Abuse - chaired by Paola Spatola (Assonime, Italy)**

The working group addresses the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on **market abuse (market abuse regulation)**. The market abuse regulation (MAR) seeks to ensure that European Union (EU) regulation keeps pace with market developments to combat market abuse on financial markets as well as across commodity and related derivative markets.

- **Company Law - chaired by Valentina Allotti (Assonime, Italy)**

This working group addresses the Company Law Package. On 25 April 2018, the Commission adopted the "**Company Law package**", which consists of two proposals for Directives amending Directive (EU) 2017/1132: a Directive on the use of digital tools and processes in company law and a Directive on

cross-border conversions, mergers and divisions. The package aims to facilitate the use of digital technologies throughout a company's lifecycle and cross-border conversions, mergers and divisions.

- **Corporate Bonds - chaired by Lé Quang Tran Van (Afep, France)**

This working group is active on the **corporate bond market liquidity** in the European Union: the analysis of the factors that influence market liquidity in corporate bonds, both financial and non-financial. It also addressed the scope of the PRIIPs in respect of corporate bonds.

- **Financial Transaction Tax - chaired by Lé Quang Tran Van (Afep, France)**

This working group addresses the European Union **financial transaction tax (EU FTT)** is a proposal made by the European Commission to introduce a financial transaction tax (FTT) within some of the member states of the European Union initially by 1 January 2014, later postponed several times. According to early plans, the tax would impact financial transactions between financial institutions charging 0.1% against the exchange of shares and bonds and 0.01% across derivative contracts, if just one of the financial institutions resides in a member state of the EU FTT.

- **Smaller Issuers - chaired by Tim Ward (QCA, UK)**

The markets in financial instruments directive (Directive 2004/39/EC) in force from 31 January 2007 to 2 January 2018 is a cornerstone of the EU's regulation of financial markets. In June 2014, the European Commission adopted new rules revising the MiFID framework. These consist of a directive (MiFID 2) and a regulation (MiFIR). This working group addresses the impact on smaller issuers.

List of Abbreviations – Annual Report 2018

AC – Advisory Council

ADR – American Depositary Receipts

AFME – Association for Financial Markets in Europe

AFR – Annual Financial Report

APAs - Approved Publication Arrangements

BEPS – Base Erosion and Profit Shifting

CBCR – Country by Country Reporting

CCPs – Central Counterparties

CGSH – Cleary, Gottlieb, Steen & Hamilton

CMU – Capital Markets Union

CWG – Consultative Working Group

CWP – Council Working Party

EACT – European Association of Corporate Traders

EC – European Commission

ECGCN – European Corporate Governance Codes Network

EFRAG – European Financial Reporting Advisory Group

EMIG – European Market Implementation Group

EMIR – European Markets Infrastructure Regulation

EP – European Parliament

ESA – European Supervisory Authorities

ESEF – European Single Electronic Format

ESMA – European Securities & Markets Authority

ETF – Exchange Traded Funds

EU – European Union

FC – Financial Companies

FTT – Financial Transaction Tax

HLEG – High Level Expert Group on Sustainable Finance

IAS – International Accounting Standards

IASB – International Accounting Standards Board

IPO – Initial Public Offering

IRFS – International Reporting Financial Standards

KFI – Key financial Information

KID – Key Information Document

LEI – Legal Entity Identifier

MAR – Market abuse Regulation

MEPs – Members of the European Parliament

MIFID – Markets in Financial Instrument Directive

MTF – Multilateral Trading Facilities

NFCs – Non-Financial Companies

NFRD – Non-Financial Information Directive

OECD – Organisation for Economic Co-operation and Development

OTC – Over the Counter

PRIIPS - Packaged Retail and Insurance-based Investment Products

RTS – Regulatory Technical Standards

SME – Small and Medium-sized Enterprises

SMSC - ESMA Secondary Markets Standing Committee

SRD – Shareholder Rights Directive

TA - Technical Advice

TCFD – TaskForce on Climate-related Financial Disclosure

TEG – Technical Expert Group

XBRL – eXtensible Business Reporting Language