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09 July 2018

The European Commission proposes new rules to support the listing of small and medium-sized enterprises (SMEs)

The European Commission published two regulation proposals to support the listing of SMEs. This initiative follows the public consultation launched by the European Commission at the end of December 2017, to which the Autorité des marchés financiers (AMF), as an active participant in European reflections on this matter, responded. The French markets regulator welcomes the contemplated changes, which are in line with some of the proposals made within the framework of this public consultation and are, more generally, in line with the AMF's strategy to support SMEs and mid-caps in a suitable and pragmatic regulatory environment.

The European Commission's legislative initiative

The European Commission's legislative initiative aims to increase the number of IPOs on SME growth markets (a European label to which non-regulated markets are eligible) and to allow issuers listed on these markets to attract more investors. It is also part of the broader framework of the Capital Markets Union.

The first regulation proposal amends the Market Abuse Regulation and the Prospectus Regulation, while the second delegated regulation proposal brings technical amendments to MiFID 2. These adjustments concern only SME growth markets and issuers listed on these markets.

Focus on certain proposals:

Market abuse

The Commission proposes some targeted adjustments to the 2014 Market Abuse Regulation.



The regulation proposal allows issuers, in particular, to maintain only a list of "permanent" insiders specifically defined (defined in a specific way) and to publish the information on managers' transactions within a certain delay upon reception of the notification of such transactions.

Moreover, the disclosure of information on private placement to qualified investors would be exempted - subject to certain conditions - from the market sounding regime. Finally, according to the Commission's proposal an issuer should justify its decision to delay the disclosure of inside information only if requested by the competent authority, and that the issuer is no longer required to keep a record of such explanations.

Liquidity and markets

In addition to the principle of a minimum free float requirement for issuers seeking admission on an SME growth market, the Commission's proposal creates an optional European liquidity contract regime for issuers listed on an SME growth market only, without prejudice to any accepted market practice adopted by Member States.

The proposal also introduces a new definition of non-equity issuers on an SME growth market and enables the operator of such a market to exempt non-equity (exclusively) issuers from publishing half-yearly financial reports.

Finally, the Commission proposes to facilitate the transfer of listed securities from an SME growth market to a regulated market by allowing an issuer to use the new simplified prospectus for secondary issuances, subject to the condition that it has been listed on an SME growth market for at least three years.

The AMF welcomes this targeted initiative, which incorporates some of the proposals it has made, and hopes that it will soon be successful. However, improvements could be made, such as the extension to the annual financial reports of the publication exemption for non-equity issuers or, for the sake of consistency, the exemption from the market sounding regime for all private placements, regardless of the issuer's listing market. In coordination

with the other French authorities, the AMF will closely monitor the negotiations on the subject.

Read more

✎ The AMF's response to the European Commission's public consultation on building a proportionate regulatory environment to support SME listing

✎ Summary of the AMF's response to the European Commission's public consultation on building a proportionate regulatory environment to support SME listing


✎ The European Commission's proposal for a regulation amending regulation (EU) 596/2014 (Market Abuse) and regulation (EU) 2017/1129 (Prospectus) (May 2018)

✎ The European Commission's proposal for a delegated regulation making technical adjustments to MIF 2 (May 2018)

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