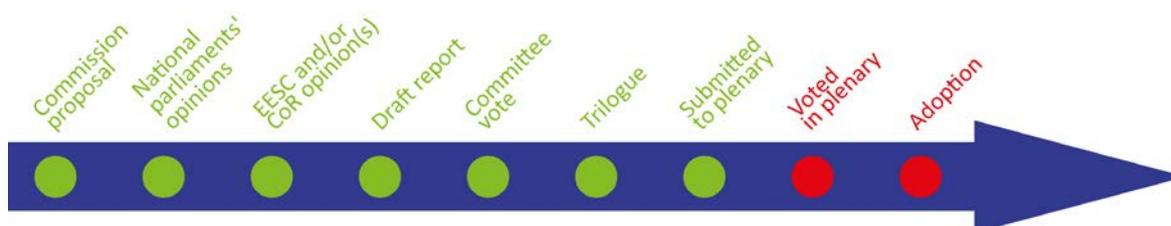


Enabling SMEs' access to capital markets

OVERVIEW

Making it easier for small and medium-sized enterprises (SMEs) to access financing through public markets lies at the heart of the capital markets union – the plan to mobilise capital in Europe. Among the various reasons for going ahead with this union is the fact that existing requirements and listing costs in both regulated and multilateral trading venues continue to be disproportionate to the size and level of sophistication of SMEs. To further respond to this situation, the Commission has proposed adopting a regulation to address the administrative burden placed on SMEs when listing or issuing equity and bonds, with the aim to increase liquidity on SME growth markets. The latter are a new category of multilateral trading facilities, which was established under the Markets in Financial Instruments Directive II. To this end, the proposal provides for targeted amendments to two key pieces of financial services legislation, namely the Market Abuse Regulation (MAR) and the Prospectus Regulation. Following interinstitutional negotiations the co-legislators reached a provisional agreement on the proposal on 6 March 2019, and this is due to be voted in Parliament during the April II plenary session.

Proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 596/2014 and (EU) 2017/1129 as regards the promotion of the use of SME growth markets		
<i>Committee responsible:</i>	Economic and Monetary Affairs (ECON)	COM(2018) 331
<i>Rapporteur:</i>	Anne Sander (EPP, France)	24.5.2018
<i>Shadow rapporteurs:</i>	Neena Gill (S&D, UK); Kay Swinburne (ECR, UK); Ramon Tremosa i Balcells (ALDE, Spain); Paloma Lopez Bermejo (GUE/NGL, Spain); Philippe Lamberts (Greens, Belgium)	2018/0165 (COD) Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	First-reading vote in plenary	



Introduction

Building a capital markets union (CMU) lies at the heart of EU efforts to develop deeper and more integrated capital markets. Among other things, this initiative aims to mobilise capital and channel it to companies, including small and medium-sized enterprises (SMEs), across the whole spectrum of productive activities. Central to this process is the diversification of the sources of financing for European companies. Providing companies, especially smaller ones, with a broader choice of funding at a lower cost, can help stimulate investment and make the financial system more resilient, thereby promoting sustainable economic growth and job creation. Through the adoption of a [CMU action plan](#) and the completion of a [CMU mid-term review](#), some progress has been achieved on this front, particularly in facilitating access to finance for companies at an early development stage.

However, the regulatory framework remains less friendly to SMEs seeking to raise capital on public markets. Existing requirements and listing costs continue to be disproportionate to the size and level of sophistication of smaller companies. The SME growth markets introduced by the [Markets in Financial Instruments Directive](#) (MiFID) II are a new category of trading venue,¹ which is a first critical step in this direction. These markets seek to address both demand-side challenges, by incentivising investors to make placements in dedicated SME markets, but also supply-side difficulties, by lessening administrative burdens and providing 'further incentives for SMEs to access capital markets'.² However, further regulatory bottlenecks need to be addressed in order to enable SME growth markets to work effectively.

Context

In the EU, companies wishing to raise capital on public markets through the issuance of shares or bonds have a choice between two broad categories of venues: [regulated markets](#) and [multilateral trading facilities](#) (MTF). Even though both categories are open to companies of all types and sizes, regulated markets have compliance requirements that render listing more costly and cumbersome for smaller firms. Multilateral trading facilities, by contrast, are friendlier towards smaller companies, as, according to the OECD, they generally offer more [flexible listing criteria](#), including lower admission costs and eased disclosure requirements. MTFs therefore cater better to the specificities and characteristics of smaller firms, even though they may not be focused on them by default. A recent report commissioned by the European Securities and Markets Authority (ESMA) has identified [146 MTFs across the EU](#), of which 40 could be considered as being more centred on SMEs.

Facilitating the growth of capital market financing for SMEs through their listing on appropriate MTFs can play a pivotal role in triggering investment and economic growth across the EU. [Data](#) suggest that newly listed SMEs in such venues tend to outperform other private companies as regards both overall growth and job generation. By diversifying their investor base and lowering their dependency on bank financing, SMEs can achieve healthy balance sheets and get broader recognition for their brand, and thereby develop the potential to grow faster.

Notwithstanding these benefits and the large number of MTFs that already exist in many EU countries, initial public offerings (IPOs) by SMEs have been in constant decline in Europe over the past decade. The European Commission [estimates](#) that from 2009 to 2017, an average of €2.55 billion per year was raised through IPOs on SME-dedicated MTFs, down from an average of €13.8 billion annually in the 2006-2007 period. This negative trend is further exacerbated by the fact that the bulk of IPO activity, or more than 70 % of total proceeds over the 2006-2017 period, was concentrated in one venue – [AIM](#) – which is owned and operated by the London Stock Exchange.

The drivers behind the declining trend in SME IPOs are both from the SMEs side (supply) and the investor side (demand). On the supply side, the costs faced by SMEs wishing to become and remain listed on public markets continue to be high. These involve both direct costs, including fees to banks, auditors, legal advisors and other service providers, and indirect costs, arising from compliance costs related to strict regulatory requirements. On the demand side, the key challenge

is the insufficient [liquidity](#) hampering SME-dedicated markets. Selling assets on such markets is difficult because of low demand. Furthermore, these markets are highly volatile, because each trade has a big impact on prices. Combined, these characteristics render such markets illiquid. Without liquidity, the investment risks and the equity cost of capital tend to increase and make investors move [away from SMEs towards larger companies](#) with higher capitalisation.

Existing situation

These ongoing challenges, but just as importantly the underlying possibilities for investment growth – if problems are addressed effectively – have been recognised in key EU policy initiatives. The CMU action plan has identified SMEs' access to finance as one of its key goals, which has led to the adoption of a number of legislative and non-legislative measures aiming to develop adequate sources of funding and to help [scale up venture capital financing](#) in the EU. Moreover, the mid-term review of the CMU has taken efforts one step further, placing direct emphasis on facilitating SMEs' access to public markets. The Commission is also seeking ways to encourage SMEs to raise capital by issuing debt instruments to investors. To this end, a [recent study](#) carried out on behalf of the Commission highlighted, among other things, the challenges and remaining barriers in transactions involving debt financing.

In view of the above, the MiFID II, applicable as of 3 January 2018, introduced a new category of MTFs, focused on SMEs and labelled accordingly 'SME growth markets'. Its aim is to safeguard investor protection and market integrity, while at the same time minimising the unnecessary administrative burden for potential issuers through a number of regulatory measures.

According to the MiFID II, SME growth markets are defined as MTFs, if at least half of the companies that have issued shares or bonds on them are SMEs. In turn, SME are defined as companies with an average market capitalisation of less than €200 million.³

A number of pieces of EU legislation, including the [Central Securities Depository Regulation](#) and the [European Venture Capital Fund Regulation](#), already provide issuers in SME growth markets with various regulatory benefits.⁴ However, as emphasised by the Commission in its impact assessment, [market operators and stakeholders](#) consider the existing alleviations as being very limited in scope and as contributing to only minimal differences between SME growth markets and MTFs, or even regulated markets. Challenges therefore continue to exist particularly with regard to the actual definition of SMEs, but also with regard to the [Market Abuse Regulation](#) (MAR) and the [Prospectus Regulation](#), even though the latter has recently been revised to account for certain SME specificities.

The MiFID definition of SMEs sets a market capitalisation of €200 million as a cut-off requirement for companies' participation. While a large majority of SME issuers may not reach this threshold, the Commission has [stressed](#) that setting such a requirement at too low a level can shape investors' perception of SME markets as accommodating primarily micro-cap, illiquid companies. This argument is in line with a 2012 [report](#) by the ESMA Securities and Markets Stakeholder Group, which concludes that low thresholds would have a negative impact on investors' appetite and confidence, which in turn may further reduce liquidity in these markets.

In application since 1 July 2016, the MAR has introduced critical obligations for issuers with regard to insider lists and dealings by persons discharging managerial responsibility, disclosure of inside information, and market manipulation. The regulation aims to increase market integrity and investor confidence, yet Commission services have [acknowledged](#) that it has been criticised for creating a 'one size fits all' regulatory environment. Virtually all of its requirements are equally applicable to all issuers, irrespective of their size or of whether their securities are traded in regulated markets or MTFs. The MAR provides only two minor alleviations: the first allows SME growth markets to post inside information on the trading venue's website, instead of the issuer's website, and the second allows for the production of insider lists only upon the request of the national competent authority (NCA). This uniform treatment offered by the regulation generates a number of administrative burdens for SMEs. These include:

- the obligation to notify the transactions undertaken by investment management firms in relation to securities of the companies they manage: The issue here is that by providing the market with such information, managers are in essence signalling their own perception of the issuers' future prospects;
- the notification of the possible [delayed disclosure](#) of inside information: The issue here relates to the possibility to delay disclosure in order to avoid harming issuers' legitimate interests. However, such delay needs to be notified and justified to the national competent authorities;
- the obligation for market sounding in the event of private placement: [Market sounding](#) consists of the communication of information prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction. The regime for this process is both prescriptive and onerous.

The Prospectus Regulation has been in place since 14 June 2017, amending and improving previous EU prospectus rules. The revised regulation of 2017 facilitated smaller companies' access to capital, introduced simplifications and flexibility for all types of issuers, and improved prospectuses, better aligning them to the specific information and protection

needs of investors. However, certain conditions that generate a regulatory burden remain. This is particularly the case for SMEs that have been successful enough and seek graduation to regulated markets after having spent some time on SME growth markets. Such graduation requires the drafting of a full prospectus, which can be costly and can serve to discourage successful companies from taking the next step.

What is a prospectus?

A [prospectus](#) is a legal document that helps investors make an informed decision as to whether to invest in a company's securities. It provides investors with information about the securities or offers concerned, such as a description of the company's business and financial statements, a list of material properties and any other material information. In the context of an individual securities offering, such as an initial public offering, a prospectus is distributed by underwriters or brokerages to potential investors.

Parliament's starting position

The European Parliament addressed the topic of diversifying SME financing in its [resolution](#) of 19 January 2016 on stocktaking and challenges of the EU Financial Services Regulation. Acknowledging that SMEs are traditionally dependent on bank financing, the resolution called on the Commission, in cooperation with the European Supervisory Authorities (ESAs), the European Central Bank (ECB) and the national authorities, to assess the sufficiency of SME funding and to identify the obstacles to, and benefits of, the diversification of funding channels. This, among other things, includes widening companies' choices between different methods of funding for different stages of their development. The resolution further emphasised that companies should have access to an appropriate choice of market types in the EU depending on their size, complexity and fundraising ambitions. It therefore called on making 'active use of the SME Growth Market category in [a] future financial services regulation'.

Council starting position

In its June 2017 [conclusions](#) on the mid-term review of the Capital markets union action plan, the Council emphasised its support for enhancing the variety of financing sources available for infrastructure and businesses, in particular SMEs and small mid-caps, and for broadening the investment opportunities available for retail and institutional investors. On this basis, the Council stated that it 'welcomes the Commission's commitment to deliver a more proportionate regulatory environment to support SME listing on public markets, which – coupled with related non legislative

actions – would further promote the development of equity capital markets across all Member States'.

Preparation of the proposal

From December 2017 to February 2018, the Commission launched a [public consultation](#) in order to collect stakeholders' views on ways to improve the SME growth market concept, including by cutting red tape further and building a supportive environment for SMEs' access to public markets, while safeguarding investor protection and market integrity. The public consultation's findings were instrumental in shaping the Commission's proposal. They confirmed the stakeholders' broad support for the regulatory adjustments brought forward by the proposal. These involved, more particularly, diminishing the disproportionate burden placed on smaller firms by the one-size-fits-all approach of the MAR, introducing a simplified 'transfer prospectus', amending the definition of SME debt issuers and introducing measures aimed at enhancing liquidity. Stakeholders were divided on the issue of changes to the definition of SME growth markets, but largely supported amending the definition of SME debt issuers. Enabling liquidity contracts was widely although not unanimously supported by stakeholders.

Besides the above-mentioned public consultation, the proposal also builds on a long-standing and sustained dialogue with both industry stakeholders and Member States. It specifically draws on responses to a public consultation launched in 2015 on the green paper on [Building a capital markets union](#), the 2015 [call for evidence](#) on the EU regulatory framework for financial services, and the 2017 public consultation for the [CMU mid-term review](#). Stakeholders' responses have consistently confirmed the need to further ease the regulatory environment for SMEs seeking access to public markets. Additionally, on 14 and 20 November 2017, the Commission organised technical workshops with representatives of securities exchanges, issuers, investors, brokers, accounting firms, credit-rating agencies and public institutions.

On 24 May 2018, the Commission published an [impact assessment](#) (IA) on the proposal. The IA was approved with reservations by the Regulatory Scrutiny Board (RSB), which noted the [limited scope and potential impact](#) of the initiative. In the opinion it issued, the RSB recommended a number of adjustments to the IA report, including considering the costs of introducing piecemeal legislative changes that alone would not revive SME growth markets, further discussing the scope of the initiative in terms of what measures to include and how to group those measures into options, and introducing further clarity as to how the preferred option would affect investor protection.

The changes the proposal would bring

Against the background outlined above, the proposal provides for targeted amendments in two key pieces of legislation, namely the Market Abuse Regulation (MAR) and the Prospectus Regulation. Overall, proposed changes to the MAR aim to strike a balance between alleviating SMEs from the administrative burdens of listing in public markets, and safeguarding market integrity. With regard to liquidity, the proposed amendments seek to develop the conditions for issuers to enter into [liquidity contracts](#), and at the same time to give NCAs sufficient flexibility to tailor market practices to local conditions. Liquidity contracts refer to agreements between an issuer and a financial intermediary, which defines the conditions under which the financial intermediary can act on behalf of the issuer in a trading venue buying or selling its shares, with the aim of enhancing the liquidity and regularity of the quotation of those shares. The proposed changes to the Prospectus Regulation provide for a 'transfer prospectus', which can lead to significant cost savings for SMEs wishing to graduate to regulated markets.

The specific amendments to the MAR include:

- revoking the obligation to engage in market sounding for private placements of bonds with qualified investors, under certain conditions: In view of the costs involved of engaging in market sounding, an amendment to Article 11 of the MAR relieves issuers

- of this obligation, if equity or other financial instruments of the issuer have already been admitted to an SME growth market, and if an alternative wall-crossing procedure is in place, ensuring acknowledgement by the potential investor of their regulatory duties related to having access to inside information;
- introducing liquidity provision contracts: Based on this amendment to Article 13 of the MAR, SME growth market issuers can enter into liquidity provision contracts with financial intermediaries;
 - reducing the obligations imposed on SME growth market issuers whenever they decide to delay the publication of inside information: The amendment retains the obligation to notify relevant delays to the NCA, but justification of the delay needs only be prepared ex-post and upon the NCA's request;
 - Introducing less burdensome requirements with regard to the preparation, maintenance and presentation of [insider lists](#): The relevant Article 18c of the MAR already provides certain alleviations, yet the proposed amendment introduces a more simplified set of requirements for the preparation of the list;
 - bringing greater flexibility to the timeframe within which information is to be disclosed to the NCA and the public. The previous tight three-day schedule for both cases has been extended, giving the relevant persons within the issuer and those closely associated with them more time to disclose information to the public after notifying the NCA.

The specific amendments to the Prospectus Regulation introduce the notion of a 'transfer prospectus'. This would apply to companies listed for at least three years on an SME growth market but wishing to graduate to a regulated one.

Finally, on the specific issues of a) a definition of an SME under the MiFID II and b) the level of market capitalisation, the Commission's preferred option was to maintain the current status quo (except for the definition of an SME debt issuer). This decision was based on feedback received from many stakeholders that such a move would be premature, and on further analysis conducted by the Commission.

Advisory committees

The European Economic and Social Committee (EESC) adopted its [opinion](#) on the Commission's proposal on 19 September 2018 (rapporteur: Mihai Ivaşcu, Diversity Europe – Group III, Romania). The EESC supports the proposal to make capital markets a credible alternative for financing and believes that a balance should be achieved between the three main objectives of the proposal: promoting the use of SME growth markets, alleviating burdens and raising the liquidity level. Additionally, the EESC further emphasises that the current proposal, while being a step in the right direction, is not enough to fully address continuing barriers on SME growth markets. While there is indeed a need for a holistic approach, each individual step must carry its own weight. The Committee of the Regions has not adopted an opinion on the proposal.

National parliaments

The deadline for [national parliaments](#) to submit reasoned opinions on the grounds of subsidiarity was 17 September 2018. No objections were raised.

Stakeholders' views⁵

Overall, stakeholders have welcomed the proposal to make the regulatory approach to the listing of smaller companies more proportionate. [EuropeanIssuers](#) commended the Commission's aim to boost the number of IPOs and reduce the administrative burden and high compliance costs faced by SME growth market issuers. However, they also called for more ambition to achieve a fully proportionate environment for companies to access public markets, highlighting specific areas,

including the need for a definition of a small and mid-cap company and the view that no rule on minimum free float should be introduced in EU legislation.

A number of securities exchanges also welcomed the proposal as a step in the right direction, but argued that more efforts are needed to make SME growth markets more attractive. [Deutsche Börse Group](#) pointed out that the system should be comprehensive, so that on the one hand it satisfies the interest of the European or national legislator to enact future legal advantages, and 'on the other, the threshold for SMEs should not be set too high in order to facilitate their access to capital markets, especially to make use of SME Growth Market'. [Nasdaq](#) welcomed the proposal, but emphasised that flexibility does not automatically mean lower rules. For example, while today there is no free-float requirement for MTFs, most market operators require a minimum free float anyway. The [London Stock Exchange Group](#) also commended positively on the new, complementary definition of SME growth markets to allow debt markets to qualify for the label, where appropriate. It also noted, however, that the additional provisions to support increased volume and liquidity of shares through minimum 'free float' requirements could have unintended adverse consequences and recommend instead that levels of free float are not prescribed quantitatively. The [Federation of European Securities Exchanges](#) called for further consideration of the definition of an SME growth market equity issuer, arguing for increasing the qualifying threshold for SMEs to €1 billion to account for mid-caps, or alternatively for setting this threshold at €500 million in line with the [ELTIF Regulation](#) (EU) 2015/760 definition of an SME equity issuer.

From the banking side, the [Italian Banking Association](#) supports the proposed amendment to the current definition of non-equity SME issuers for the purpose of SME growth market registration, and considers it more appropriate, as proposed, to make reference to the size of the debt issuance of an enterprise. The association also agrees with the proposal to allow MTF operators to exempt issuers that have no equity instruments traded on the MTF from the requirement to publish half-yearly financial reports, in order to limit their administrative burden.

Legislative process

Parliament's Committee on Economic and Monetary Affairs (ECON) appointed Anne Sander (EPP, France) as rapporteur for this dossier. She published her [draft report](#) on 5 September 2018. The deadline for tabling amendments was 11 October 2018.

ECON adopted its [report](#) on 3 December 2018. The report emphasises that the initiative aims at promoting market liquidity by ensuring that any SME Growth Market issuer in the EU can enter into a liquidity provision contract. It further clarifies that SMEs shall mean companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding €43 million and an annual net turnover not exceeding €50 million.

Changes to the proposal further emphasise the need for a horizontal Union policy for SMEs, which should be inclusive, coherent and effective taking into account the different needs of various subgroups of SMEs. Changes also stressed that regulatory alleviation should be for the benefit of those smaller companies that have real growth potential. Therefore, the success of an SME growth market should not be measured simply by the number of companies listed, but rather by the rate of growth achieved by the listed companies.

On the EU Growth Prospectus the report introduces amendments to keep it shorter and cheaper to produce, therefore reducing costs for SMEs. Moreover, in offers of securities up to €20 million any issuer would also be able to choose to use the EU Growth Prospectus unless they intend to apply for admission to trading on a regulated market. On insider lists, the report stresses their importance for regulators in investigating market abuse. The agreement confirms the amendment introduced by the Commission allowing the possibility for SME growth markets issuers to maintain only a list of permanent insiders, which should include persons and direct family of persons who have regular

access to inside information due to their function or position within the issuer. It further adds that this list should be updated on an annual basis and be communicated to the competent authority.

Additional changes to the proposal introduce a requirement for the Commission to set up an expert stakeholder group, by 31 December 2019, to monitor the success of SME growth markets. The report also calls for the Commission to draw up, by 31 December 2020 at the latest, a report on SMEs' financing, the impact of own fund requirements, investment ratios and any other measures with restrictive impact.

On 12 December 2018, the ECON committee's decision to enter into interinstitutional negotiations was [confirmed](#) by the plenary.

In the Council, Coreper [endorsed](#) a common position on the proposal on 27 February 2019. It was stressed that SMEs are the largest contributor to jobs and growth in Europe. In its [mandate](#), the Council emphasises that, in order to ensure consistency for issuers and clarity for investors, the proposed alleviation of compliance costs and administrative burdens should apply to all issuers on SME growth markets, irrespective of their market capitalisation. As regards the Prospectus Regulation, the Council's position recalls that under certain conditions of [Regulation 2017/1129](#), issuers are allowed not to draft a prospectus, in case of an exchange offer, merger or division. This has the unintended consequence that a non-listed issuer can carry out an initial admission of its shares to trading without producing a prospectus, which would deprive investors of useful information. It therefore introduces a requirement to draft a prospectus for a non-listed issuer, which seeks admission to trading following an exchange offer, merger or division.

Similarly, the Council's mandate argues that the prospectus regulation should be amended to facilitate the use of a simplified prospectus for issuers whose equity securities are admitted to trading on either a regulated market or an SME Growth Market and that would seek to issue securities giving access to equity. The Council proposes to allow issuers whose equity securities have been admitted either on a regulated market or an SME Growth Market continuously for at least the last 18 months to use the simplified prospectus for the issuance of non-equity securities or securities giving access to equity.

Following interinstitutional (trilogue) negotiations, the co-legislators reached [a provisional agreement](#) on the proposal on 6 March 2019. The [text of the provisional agreement](#) was approved by [Coreper](#) on 20 March 2019 and by the [ECON committee](#) the same day. It underlines the importance of diversifying market-based sources of financing for all small and medium-sized enterprises, in order to reduce dependence on bank funding, and broaden their investor base.

The provisional agreement confirms the need for a horizontal Union policy for SMEs, which should be inclusive, coherent and effective taking into account of the various subgroups of SMEs and their different needs. The co-legislators agreed that, for the sake of consistency, the proposed alleviation of compliance costs and administrative burdens should apply to all issuers on SME growth markets, irrespective of their market capitalisation. The agreed text confirms the Parliament's argument that the success of an SME growth market should not be measured simply by the number of companies listed, but rather by the rate of growth achieved by the listed companies. Moreover the use of SME growth markets should be actively promoted, as many small companies are still not aware of their existence.

On the Prospectus Regulation, the text agreed by the co-legislators allows issuers in SME Growth Markets to produce a lighter prospectus when transferring to a regulated market, which can lead to significant cost-saving for growing SMEs. At the same time, amendments introduced by the provisional agreement to existing rules on market abuse aim to strike a balance between cutting red tape for small businesses, while safeguarding market integrity and investor protection. Moreover, the proposed adapted framework creates a common set of rules on liquidity contracts for SME Growth Markets in all Member States. National competent authorities will, however, have sufficient flexibility to align market practices to local conditions.

The co-legislators further agreed that the Commission will set up an expert stakeholder group to monitor the success and functioning of SME growth markets. The stakeholder group must publish a report on its conclusions.

The agreed text now needs to be formally adopted by Parliament. The vote is [expected](#) to take place in plenary in April 2019.

EP SUPPORTING ANALYSIS

Szczepański, M., [Barriers to SME growth in Europe](#), EPRS, European Parliament, May 2016.

OTHER SOURCES

[Promotion of the use of SME growth markets](#), EP European Parliament, Legislative Observatory (OEIL).

[Opportunities and constraints of market-based financing for SMEs](#), OECD, September 2016.

[Securities and Markets Stakeholder Group – Report on Helping Small and Medium Sized Companies Access Funding](#), ESMA, October 2012.

ENDNOTES

- ¹ A [trading venue](#) is an official venue where securities are exchanged; it includes multilateral trading facilities and regulated markets.
- ² Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU Text with EEA relevance.
- ³ Based on the definition of an SME adopted by the MiFID II.
- ⁴ The Central Securities Depository Regulation ('CSDR') adopted in 2014. The CSDR imposes a mandatory buy-in process on any financial instrument that has not been delivered within a set period of time from the intended settlement date. Alleviations are provided in the length of the process for MTFs that qualify as SME growth markets under certain conditions. The revised European Venture Capital Fund Regulation (EuVECA), adopted in 2017, allows SMEs listed on an SME growth market as defined by the MiFID II, to also receive capital from EuVECA funds.
- ⁵ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2019.

ep@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)



Second edition. The 'EU Legislation in Progress' briefings are updated at key stages throughout the legislative procedure.