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**FINANCE  
DENMARK**

# Finance Denmark response to EC Have-your-say on CMU Listing Act – amending Directive 2014/65/EU and repealing Directive 2001/34/EC

Finance Denmark<sup>1</sup> welcomes the opportunity to give input on the EU Commission's Listing Act initiative and would like to provide the following comments.

## **MiFID 2014/65**

Concerning the bundling/unbundling regime Finance Denmark shares the EU Commission's view that the 1bn EUR threshold has not achieved the desired objectives. That said, it is of utmost importance to acknowledge the work that has been done from sell-side, with the implementation of the unbundling regime. This has not been a trivial task and new governance structures have been implemented together with a streamlining of the organization to fit the new regulation. Today research departments have been reduced and the introduction of a threshold of 1 bn EUR has not increased the capacity in the Research departments. We do not see any changes to this situation even if the threshold is increased to 10 bn EUR. Further, operating a dual system (bundling and unbundling) is both costly and comes with a lot of administration for the sell-side business, for which reason sell-side most likely will continue to unbundle, also for companies with a market cap up to 10 bn EUR. This situation is further supported by the buy-side that have also adjusted to the new regime and does not foresee going back to paying for research through a bundling regime. Therefore, Finance Denmark does not see an increase of the threshold as the right solution. If changes to the unbundling regime is assessed to be the way going forward, we believe that it will require a thorough analysis of costs and benefits, and the Listing Act proposal is not fit for this purpose.

Instead, we support the suggestion on issuer-sponsored research and a code of conduct. But to ensure a level playing field across the EEA, such code of conduct should be approved on an EU level and not on NCA or Member State level giving them too large discretion to develop and their own bespoke codes of conduct. If it is left up to NCAs or Member States to implement their own codes of conduct, it is important that such codes of conduct are subject to mutual recognition of each Member States' code of conduct across the EEA to ensure a smooth cross border distribution of issuer-sponsored research across the EEA.

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<sup>1</sup> Finance Denmark is a business association for banks, mortgage institutions, asset management, securities trading and investment funds in Denmark. EU Transparency Register – registration number 20705158207-35

## **Memo**

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### **Listing directive (2001/34)**

Finance Denmark supports the proposal to repeal the Listing directive and transferring relevant provisions into MiFID II.

We acknowledge that decreasing the free float requirement from 25 % to 10 % could allow for more flexibility for issuers who want to keep a large share in the company, but we do not support such a decrease. We think that having only 10 % of a company's shares listed could lead to a low liquidity in the secondary market. Additionally, taking into account that the limit for redemption is very close to the 10 %, we do not think that this proposal is in the interest of the shareholders.

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