

ESMA Consultation Paper on the functioning of the regime for SME growth markets under the MiFID II Directive and on the amendments to the Market Abuse Regulation for the promotion of the use of these markets

Consultation Paper on the functioning of the regime for SME Growth Markets under the Markets in Financial Instruments Directive and on the amendments to the Market Abuse Regulation for the promotion of the use of SME Growth Markets.

1.- Target participants

This consultation is mainly addressed to all stakeholders involved in the securities markets, with a particular focus on SME shares trading and SME growth markets.

It is of interest to competent authorities, SMEs, SME issuers, investment firms and trading venues.

It is also important for trade associations and industry bodies, institutional and retail investors and their advisers, and consumer groups, since MiFID II requirements and the amendments to the MAR seek to promote access to capital markets for SMEs and to facilitate the further development of specialist markets that aim to cater for the needs of small and medium-sized issuers.

The CNMV would appreciate it if all the above-mentioned potential stakeholders were to send a copy of their responses to the consultation to the following email address: documentosinternacional@cnmv.es

2. - Information Note

Article 90(1)(b) of MiFID II mandates ESMA to submit a report to the European Commission to discuss the functioning of the SME Growth Markets (SME GMs) regime in the EU. Furthermore, Regulation 2019/21152, on the promotion of the use of SME GMs, mandates ESMA to submit to the European Commission draft regulatory technical standards (RTS) to draw up a contractual template for liquidity contracts available to issuers of financial instruments admitted to trading on an SME GM and their liquidity providers, as well as draft implementing technical standards (ITS) specifying the format of the insider list that issuers admitted to trading on SME GMs are required to provide to national competent authorities upon their request.

This paper provides an assessment of the SME GMs regime in the EU and seeks stakeholders' views on the amendments proposed by ESMA to it. It also seeks stakeholders' input and proposals on initiatives to improve the attractiveness of the SME GMs regime from issuers', investors' and trading venues' perspective. Furthermore, this consultation paper presents ESMA's proposal for the draft RTS on

liquidity contracts and the draft ITS specifying the format of the aforementioned insider list.

Section 2 details ESMA's mandates mentioned above.

Section 3 presents a general overview of the current functioning of the SME GMs regime in the EU. Section 3.1 describes the initiatives undertaken up to now to promote the development of SME GMs in the EU. Section 3.2 presents the results of a factual and data-based analysis undertaken by ESMA on the current status of SME GMs.

Section 4 presents ESMA's review and proposals to promote the functioning of SME GMs in the context of MiFID II provisions.

Sections 5 and 6 focus on the amendments recently introduced by Regulation 2019/2115 to the MAR regulation. Specifically, section 5.1 provides the legislative background on liquidity contracts; section 5.2 presents some preliminary considerations on the draft RTS on liquidity contracts; and section 5.3 motivates the approach ESMA has chosen in its draft RTS. Conversely, section 6.1 describes the revised requirements in relation to the insider list for issuers whose financial instruments are admitted to an SME GM, and section 6.2 motivates the approach ESMA has chosen in its draft ITS.

Finally, the paper includes six annexes detailing the relevant mandates, a summary of the questions posed to stakeholders throughout the document, the draft RTS and ITS and a preliminary cost-benefit analysis for each of the two proposals.

After receiving the stakeholders' feedback, ESMA will analyse it and take it into account to complete its report and the draft RTS and ITS. It is expected that the final report will be delivered to the European Commission as early as possible taking into account the impact of the current COVID-19 crisis.

3.- Submission of comments

The deadline for submitting comments is **15 July 2020**.

Respondents may send their comments through ESMA's website: www.esma.europa.eu. Both the paper of this consultation and the response form are available in the section [*Consultations*](#) (place the cursor on the word to obtain the link).

Likewise, please send a copy of your answers to the CNMV to the following email address: documentosinternacional@cnmv.es

**Dirección de Asuntos Internacionales
CNMV
c/ Edison 4
28006 Madrid**