

## Advice to ESMA

### **SMSG advice to ESMA on its Consultation Paper “Draft regulatory technical standards for the establishment of an EU code of conduct for issuer-sponsored research”**

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The SMSG is supportive of the approach adopted by ESMA in its consultation, that is the development of a code of conduct using an existing code of conduct (i.e. the French example, which is indeed the only one of which we are aware) as a basis and adapting it to cater for the wider EU context where appropriate.

Overall, the SMSG did not find any issues or inconsistencies to flag between the draft code of conduct set out in the annex to the consultation and existing MiFID organisational requirements. We also note that not all issuer-sponsored research providers will be subject to MiFID, and therefore to these requirements, and agree with ESMA that it is important that there is a “soft law” basis to which such firms should abide in order for their research to be distributed under the issuer-sponsored research label by investment firms.

The SMSG notes the importance of monitoring the development of the EU research market in general, including the evolution of the provision of issuer-sponsored research and the role of the new code of conduct in this context. We encourage ESMA to therefore include such considerations in the comprehensive assessment it is mandated<sup>1</sup> to carry out on the evolution of the research market by 31 December 2028.

The SMSG also wishes to express its thanks to ESMA staff for the engagement which took place with them during the consultation period and which assisted the group in reaching the above conclusions.

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<sup>1</sup> Listing Act Directive, Art 1 (2)(b), amending Directive 2014/65/EU; ESMA mandate inserted in Art 24 (9a)

Finally, we wish to point to the development of an EU-wide code of conduct for issuer-sponsored research as a positive example of identifying a beneficial local market practice and promoting its use across the EU within a common and proportionate regulatory framework. We encourage NCAs, ESMA, the Commission and the EU legislators to pursue such efforts in other areas to develop EU capital markets.

This advice will be published on the Securities and Markets Stakeholder Group section of ESMA's website.

Adopted on 17 March 2025

[signed]

Giovanni Petrella

Chair

Securities and Markets Stakeholder Group

[signed]

Jacqueline Mills

Rapporteur