

DVFA e. V. | Mainzer Landstr. 47 a | 60329 Frankfurt

European Securities and Markets Authority (ESMA)

via esma.europa.eu

Frankfurt, 18 March 2025

Ref. ESMA35-335435667-5921

Dear Sir or Madam,

DVFA, the German Association of Investment Professionals, welcomes this consultation.

Please find below our detailed answers.

Question 1: Are you aware of or adhering to another code of conduct for issuer-sponsored research that ESMA could take into account? If so, how widely endorsed and adhered to such code of conduct is and which specific parts of the code of conduct would be of added value to consider for the EU code of conduct? Please state the reasons for your answer.

No, we are not aware of any code of conduct on sponsored research that regulates the interaction between issuers and research providers in detail. In our view, the existing legal regulations on this issue are completely sufficient, especially as sponsored research must be disclosed as a conflict of interest in the respective investment recommendation. We do not see any additional benefit from the introduction of a code of conduct.

Question 2: Do you agree with the proposed approach? Please state the reasons for your answer.

No, we do not consider the introduction of a code of conduct to be expedient, especially as the existing regulations are sufficient (see also answer to question 1). Whether the proposed approach will actually lead to a revitalisation of the research market remains highly questionable, especially as the conclusion of contracts with research providers will become less attractive for issuers. We think that the existing freedom of contract between issuers and research providers with regard to sponsored research should remain in place. It is also questionable whether the introduction of a code of conduct will increase the independence of sponsored research.

Question 3: Do you agree to mainly focus the requirements on research providers? Or do you think that additional requirements are necessary for issuers? Please state the reasons for your answer.

No, we do not share this view, as neither additional requirements for research providers nor for issuers are necessary.

Question 4: Do you agree with a minimum initial term of the contract of two years? Or should the initial term be more, or less? Or should the code of conduct allow one-off reports, such as for initial public offerings? Please state the reasons for your answer.

No, we are of the opinion that there should be freedom of contract between the research provider and the issuer. Regulations on the term of a contract as well as on possible payment modalities should not be part of legislation or a code of conduct.

Question 5: Do you agree with a minimum upfront payment of 50% of the annual remuneration? Or should that percentage be more, or less? Please state the reasons for your answer.

No, we are of the opinion that there should be freedom of contract between the research provider and the issuer. Regulations on the term of a contract as well as on possible payment modalities should not be part of legislation or a code of conduct.

Question 6: Do you agree with the information listed in Clause 7 of the code of conduct that research providers should make available to investment firms? Is there anything missing? Please state the reasons for your answer.

No, we have serious concerns. The disclosure of an agreement between the research provider and the issuer is not acceptable. It is sufficient to disclose in the study/investment recommendation that an agreement exists with the issuer regarding the preparation of investment recommendations at the time of publication of the study.

Question 7: Do you agree that only when the issuer paid fully for the research, it should be made accessible to the public immediately? Or should research partially paid for by the issuer also be made accessible to the public immediately? Please state the reasons for your answer.

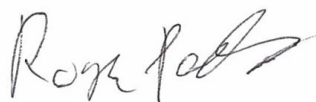
Regardless of whether they are not, partially or fully remunerated by issuers, research studies should always be made available to the general public immediately, stating the existing conflicts of interest. This has been standard practice to date and should not be changed. Issuers and research providers should have a common understanding that the public must be informed in order to avoid possible information imbalances on the market.

Question 8: Do you think that any further requirements should be introduced in the code of conduct? Please state the reasons for your answer.

No, since in our view the entire Code of Conduct is dispensable, there should be no further supplementary requirements.



Thorsten Müller
Chairman of the Board DVFA e. V.



Roger Peeters
Deputy Chairman of the Board DVFA e. V.



Peter Thilo Hasler
Board Member DVFA e. V.



Volker Sack
Head of the DVFA Corporate Analysis Commission