

CIRA Jahreskonferenz

1 Jahr MiFID II - ein Zwischenstand

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Head of Group Research

Oktober 2019, Wien


MiFID II

Overall consequences

- In the long run, most probably less research will be available in the market
- Research will be concentrated on larger stock listed blue chip companies
- Research coverage on small- & mid-sized stocks will be under pressure
- Smaller asset managers who cannot afford high-quality research any longer will most likely go out of business
- Fund managers unwilling to invest in smaller caps/IPOs
- Concentration among fund managers, reducing the brokerage client base
- **Private (retail) investors do not have access to professional quality research any longer (not publicly available)**
- **It was always a goal of the EU/European Commission to establish a better functioning liquid market vs. the US (Market Cap to GDP & value creation significantly lower in Europe!)**
- **With MiFID II, it is practically impossible to attract further mid-/small-sized & innovative companies, start-ups, etc. for financing via the capital market (disadvantage vs. the US)**

EFFAS letter to EU

Responses from Mr. Juncker & Mr. Moscovici

 **EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES**

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Frankfurt, 6th May 2019

To President of the European Council Mr. Donald Tusk
 To President of the European Commission Mr. Jean-Claude Juncker
 To Commissioner Mr. Frans Timmermans (Better Regulation)
 To Commissioner Mr. Valdis Dombrovskis (Financial Stability & Services, Capital Markets Union)
 To Commissioner Mr. Jyrki Katainen (Jobs, Growth, Investment and Competitiveness)
 To Commissioner Mr. Pierre Moscovici (Economic and Financial Affairs)
 To Commissioner Mr. Carlos Moedas (Research, Science and Innovation)

Comments by EFFAS on the Consequences of MiFID II

Dear Sirs,

We, as the "European Federation of Financial Analysts Societies" (EFFAS), think that, based on feedback from our members and the experience of a broad range of market participants, MiFID II fails to meet market requirements in the field of financial analysis.

The regulation of MiFID II is too complex and not sufficiently concrete; in reality, its introduction has in many respects contributed to dramatically reduce financial reports on equities (especially on small medium caps), creating a severe lack of knowledge in the investment industry.

The main statements that support our argument regarding current and future adverse consequences are the following:

1. A sharp reduction in the supply of good research, which has offset the positive impact, due to the introduction of market-based pricing of research, with the aim of increasing quality and transparency; in the long run, less investment research will be available in the market. Research will be concentrated on the largest stock listed companies (blue chips) and coverage of small- and mid-sized stocks will be under pressure.

Jesús López Zaballo, Ph.D.
 EFFAS Chairman

Friedrich Mostböck, CEFA
 EFFAS Deputy Chairman

"The European Federation of Financial Analysts Societies" (EFFAS) is the European umbrella organization of national analysts' societies. It comprises 18 country members, representing more than 15,000 investment professionals in the areas of equity, fixed income and credit research, asset management as well as investment advice.



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 **EUROPEAN COMMISSION**
 Office of the President Mr. Jean-Claude Juncker

Member of Cabinet
 Economic adviser

Brussels, 20 MAI 2019
 Ares (2019) 3043633

Dear Dr López Zaballo, Dear Mr Mostböck,

President Juncker would like to thank you for your letter of 6 May 2019 in which you outline your views regarding the consequences of the revised markets in financial instruments directive (MiFID II).

We have taken note of its content with attention.

President Juncker asked me to inform you that the Vice-President of the Commission responsible for Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union, Mr Valdis Dombrovskis (e-mail: valdis.dombrovskis@ec.europa.eu), is looking into the points you have raised and will respond to you rapidly.

Thank you for your email.

Commissioner Pierre Moscovici receives a large amount of correspondence, which we endeavour to respond to within the fifteen working days set by the "Code of good administrative behaviour". However, please note that some queries require more time depending on the research we have to undertake.

Regards,
 Cabinet of Commissioner Moscovici

of MiFID II

en œuvre pour les
 Veuillez noter
 nous devons entreprendre

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