

PRESS RELEASE

Brussels, 21st February 2013

FESE-CFA Institute Joint Seminar on Long-term Growth: European Exchanges Call for EU Action to Increase SME Listings in Europe

The Federation of European Securities Exchanges (FESE) has organised a seminar with CFA Institute on 21st February 2013 in Brussels, focusing on the actions needed to improve the EU capital markets' ability to finance long-term economic growth. FESE's partnership with CFA Institute in this joint seminar underscores the common ideal shared by stock exchanges and investors, which is fair, safe, and liquid markets that enable growth. The seminar is aimed at contributing to the EU discussion being launched by the European Commission's upcoming Green Paper on long-term investment and specifically focuses on investments in smaller companies. In recognition of the increasing constraints on bank lending available to SMEs, participants discussed how Europe can help SMEs get better access to both private and public equity and public bonds for SMEs.

Giving the keynote speech at the joint seminar today, EU Internal Market Commissioner Michel Barnier reiterated his call to restore long-term investment in companies of all sizes through a broad and dynamic review of banking, financial markets and the use of public funds- an objective fully supported by FESE member exchanges. Close to 90% of all companies listed on FESE member exchanges are medium and small-sized enterprises.¹ FESE members provide a full range of services and products to meet the needs of these companies and to attract new IPOs. Listing on public markets contributes to the EU economy by producing employment, by allowing the citizens and taxpayers to share the benefits of innovation and entrepreneurship, and by ensuring that savers can fully assess and trust the companies they are investing in. Over the last two years, FESE and its members have been working with the European Commission closely to improve SME access to public markets.

Against this background, FESE members make three principal recommendations.

- First, it is necessary to take **a fresh look at all legislation that can impact SME listings**. The EU has been effective at integrating its national markets and increasing competition, but less good at meeting the needs of its smaller companies. FESE President Hans-Ole Jochumsen stated, 'Markets must serve everyone. Europe cannot afford to have a market of champions that leaves some players behind. We should continue to integrate, but develop a clear vision of where this integration will take us. Therefore, I encourage Commissioner Barnier to be bold in his forthcoming Green Paper. I welcome in particular his promise of an open-minded review. Let's ensure that our fundamental legislative philosophy helps all companies to grow.'
- Second, exchanges believe that **the EU should remove tax disincentives faced by investors when investing in equity in general and in SMEs in particular**. Such scrutiny should cover not only existing taxation but also potential new taxes such as the Financial Transactions Tax, which could have unintended consequences that can cost jobs. Of particular concern is the risk that this tax might end up becoming a tax on listed markets, which would go against the objectives of growth and sustainability. FESE President stated, 'Too often, EU regulation only targets companies listed on exchange. This ultimately undermines the sustainability of markets.'
- Third, FESE welcomes the newly emerging debate on **how public funds could be helped to encourage investment in listed SMEs**. FESE President stated, 'EU funds have been used to help loans to SMEs and to help private equity in SMEs, but recently many people are discovering that investment in listed SMEs may also need initial public support to draw in the private funds needed by the economy. FESE welcomes the discussion on how best this can be implemented.'

About FESE

The Federation of European Securities Exchanges (FESE) represents 46 exchanges in equities, bonds, derivatives and commodities through 21 full members from 30 countries, as well as 4 Observer Members. FESE is a keen defender of the Internal Market and many of its members have become multi-jurisdictional exchanges, providing market access across multiple investor communities. FESE represents the operators of public Regulated Markets. Regulated Markets provide both institutional and retail investors with transparent and neutral price-formation. Securities admitted to trading on our markets have to comply with stringent initial and ongoing disclosure requirements and accounting and auditing standards imposed by EU laws.

As of January 2013, FESE members had up to 8,964 companies listed on their markets, of which 8% are foreign companies contributing towards the European integration and providing broad and liquid access to Europe's capital markets. Many of our members also organise specialised markets that allow small and medium sized companies across Europe to access the capital markets; 1,444 companies were listed in these specialised markets/segments in equity, increasing choice for investors and issuers.

About CFA Institute

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organisation is a champion for ethical behaviour in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 113,000 members in 137 countries and territories, including 105,000 CFA charterholders, and 138 member societies. For more information, visit www.cfainstitute.org.

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ⁱ 86% of the number of companies listed on FESE member exchanges have a market capitalisation of less than 1 billion Euros. 67% of listed companies have a market capitalization of less than 150 million Euros. Source: FESE Statistics.