

Finansdepartementet
Finansmarknadsavdelningen,
Värdepappersmarknadsenheten

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Finansdepartementets promemoria Fi2024/01478 "Regellättnader och ökad transparens på värdepappersmarknaden"

Nordic Growth Market NGM AB ("NGM") välkomnar möjligheten att lämna synpunkter på ovan promemoria. NGM ställer sig positiv till förslagen, men vill utveckla konsekvensanalysen för värdepappersinstitut och börser som driver handelsplatser (s. 62 f.), med fokus på påverkan för mindre marknadsoperatörer likt NGM som i huvudsak har små och medelstora företag noterade ("SME-operatörer"). Förslagen på EU-nivå riskerar att få betydande negativa konsekvenser för SME-operatörer vilket i förlängningen skulle slå på de noterade SME-bolagen och Sveriges tillväxt i stort. Finansdepartementet uppmanas att driva dessa frågor i syfte att bevara den med internationella mått mätt välfungerande SME-marknaden i Sverige.

ESMA:s förslag på reglering av marknadsdata (RTS on Reasonable Commercial Basis)

ESMA:s förslag på reglering av marknadsdata har utformats för stora börser med främst blue-chip aktier noterade. För mindre SME-operatörer, som ofta redan har negativa marginaler på marknadsdata, innebär de föreslagna administrativa kraven ytterligare kostnadsbördor som inte står i proportion till syftet. Dessa krav riskerar i slutändan att leda till att SME-operatörer tvingas upphöra med sin verksamhet. Detta skulle minska konkurrensen mellan börsoperatörer på den svenska marknaden, vilket skulle negativt påverka den effektiva och förhållandevis billiga noteringsmodellen i Sverige, till skada för SME-marknaden. Se vidare NGM:s remissvar inklusive förslag på lösning på problemet i **Bilaga 1**.

ESMA:s förslag avseende intäktsdelning från Consolidated Tape Provider (RTS on revenue distribution scheme of CTPs)

Det nuvarande förslaget om intäktsdelning från Consolidated Tape Provider (CTP) erbjuder inte tillräckliga incitament för mindre SME-börsoperatörer att ansluta sig till CTP. Detta riskerar att motverka syftet att stärka synligheten och tillväxten för SME-bolag till skada för den europeiska SME-marknaden. Se vidare NGM:s remissvar inklusive förslag på lösning på problemet i **Bilaga 2**.

Slutsats

NGM uppmanar Finansdepartementet att beakta de specifika utmaningar som mindre marknadsoperatörer står inför i förhållande till marknadsdatareglering och intäktsdelning inom ramen för CTP. Om dessa frågor inte hanteras proportionerligt riskeras en utveckling som leder till att SME-operatörer tvingas i konkurs. EU riskerar då att hamna i samma situation som när MiFID I introducerades, där varje medlemsstat i praktiken hade en monopolbörs vars kommersiella intresse främst var att skydda sitt monopol inom sin egen marknad/medlemsstat, vilket drev upp kostnaderna för aktiehandel och noteringar. Sverige, med tre handelsplatser i hälsosam konkurrens, är ett framgångsexempel där vi har hela 65 % av all noterad handel i SME-bolag inom EU. Detta SME-under är något vi inte får riskera genom förhastade lagstiftningsåtgärder.

Nordic Growth Market

Börse Stuttgart Group

Med vänlig hälsning,

Rasmus Nordfäldt Laws
Bolagsjurist

Jimmy Kvarnström
Övervakningschef

Bilaga 1

27 August 2024

Response to Consultation Paper on the RTS on Reasonable Commercial Basis

Nordic Growth Market NGM AB ("**NGM**"), operator of XNGM, NSME and NMTF.

The importance of protecting EU SME Markets

While large stock exchanges, especially those with primary listings of blue chip companies, in many cases do have unreasonable margins for market data, the opposite is true for market operators which predominantly have primary listings of SME companies ("**SME Market Operators**"). It does not really matter whether a market operator happens to have an SME Growth Market registered or not; it is the aggregate market value of all the primary listings on the entire trading venue that is relevant for the ability to charge unreasonable margins for market data.

SME Market Operators often have a very low or negative margin on their market data (NGM's margins on market data for the most recent calculation amounts to negative -17.6 %). This is because the interest in trading and investing in SME companies is much lower than in blue chip companies, or even mid cap companies. The reason for offering market data at a low or negative margin, is that the SME Market Operator wishes to promote interest and investment in SME companies, and access to market data is a cornerstone in this ecosystem. SME Market Operators may also struggle with implementing the same business models for market data which larger stock exchanges have; e.g. per user fee based on the most common units of count, because implementing such business models requires a rather large organization to administer.

When SME Market Operators are forced to apply regulation that imposes market models and cost calculations that are tailored to solve a market problem to which they have not contributed (historic examples include e.g. algorithmic trading, overcharging on market data, lack of transparency), it creates an unfair and disproportionate cost relative to large stock exchanges to implement. This problem will over time force SME Market Operators out of business, and the EU will end up in the same situation as when MiFID I was introduced (each Member State has one de facto monopoly stock exchange whose commercial interest primarily is to protect their monopoly in their own market/Member State, driving up prices for trading and listings).

The EU is currently taking several measures to promote SME growth in the EU, within the Capital Markets Union, and through the Listing Act. Examples include alleviations in MAR and the Prospectus Regulation as well as promoting a single order book for SME Growth Markets through issuer non-objection incorporated in MiFID II. These alleviations are particularly important to Sweden, which has approximately 700 listed SME companies accounting for 64 per cent of all SME trading within EU, and thus exemplifies successful SME growth. A key reason for this success is that Sweden has two SME Market Operators (NGM and Spotlight) competing with the dominant player (Nasdaq). This competition between exchanges leads to significantly lower listing costs and a streamlined listing process.

SME Market Operators should be exempted from certain requirements in the RTS for RCB

Preserving and promoting this competitive environment between exchanges is crucial for SME-growth. NGM therefore urges ESMA to consider exempting SME Market Operators – which has predominantly primary listings of SME companies (e.g., 80-90% SME:s) – from requirements

tailored to solve market problems which only larger exchanges contribute to. Regarding the RTS on RCB this means exempting SME Market Operators from the requirement to calculate and apply reasonable margins (which in practice are very low or negative for such operators anyway), publish detailed cost disclosures, and extensive information reporting to the NCA. These exchanges should also be exempted from any other contemplated requirements entailing large and unproportionate administrative costs.

Bilaga 2

27 August 2024

Response to Consultation Paper on the RTS on revenue distribution scheme of CTPs

Nordic Growth Market NGM AB ("NGM"), operator of XNGM, NSME and NMTF.

Importance of preferential treatment for small trading venues

In Recitals 18 and 29 of the MiFIR review, the legislator recognizes the critical role played by small regulated markets and SME Growth Markets ('small trading venues') in the broader European financial ecosystem. The preferential treatment for these venues in the redistribution of revenue generated by the Consolidated Tape is essential for maintaining their local admissions and ensuring the vibrancy of their ecosystems.

NGM agrees with the necessity of such preferential treatment. It is particularly important for SMEs to gain maximum visibility, as this visibility can significantly increase investor interest, thereby enhancing the growth prospects of these companies in line with the objectives of the Capital Markets Union. The Consolidated Tape, by providing broader access to market data, contributes to this visibility. However, this goal will likely not be achieved with the proposed weighting of 4.5 towards small trading venues.

Concerns regarding the proposed weighting

We believe the proposed weighting of 4.5 times does not sufficiently incentivize smaller trading venues to opt-in to the Consolidated Tape framework. This weighting fails to address the structural advantages of larger exchanges with higher trading volumes. Most EU trading activity is concentrated in blue chip companies on these larger exchanges, not in SMEs listed on smaller venues.

For instance, trading volume in listed SME-shares only accounted for 1.5% of the total turnover in shares on EEA-level during 2022. At the same time, SMEs had 5,500 issued instruments in comparison to 1,000 instruments issued by large and very large issuers. Thus SME-instruments represent almost 85% of the total number of instruments but only 1.5% of the turnover. The proposed weighting does not adequately address these significant discrepancies.



Smaller trading venues are already dealing with low or negative market data margins; NGM's market data margin is, based on most recent calculations, negative -17%, compared to margins of positive 21.5% on entity level. In contrast, larger venues benefit from high demand for blue chip data, leading to much higher (often unreasonably high) market data margins. The additional costs of providing data to the CTP, combined with low revenue distribution, further erode the market data margins for smaller venues. This financial risk, coupled with the fact that opting in is an irrevocable decision (as noted in Recital 18 of the MiFIR review), makes it likely that smaller trading venues will choose not to opt-in.

Proposed solutions

To ensure that smaller trading venues are sufficiently incentivized to participate in the CTP framework we propose the following solutions:

- 1) **Increase the weighting for small trading venues and/or exclude trading volume relating to blue chip companies:** The weighting for small trading venues should be significantly higher than the proposed 4.5 times. For example, even with a factor of 100x, smaller trading venues would still get a too small revenue share to warrant posting to the CTP. The costs of reporting are largely fixed, while the revenues are proposed to be related to trading. SME instruments, despite representing almost 85% of the total number of instruments, account for only 1.5% of the turnover. Furthermore, trading venues for large cap listings will typically be old, mature organisations with monopoly positions, as opposed to SME trading venues with much fewer listings to cover the reporting costs.

An alternative approach reaching the same goal is to exclude in whole or partially the trading volume in blue chip companies from the calculated total annual trading volume which the revenue distribution is based on.

- 2) **Minimum revenue guarantee:** To further incentivize participation, we propose that small trading venues that choose to opt-in should be guaranteed a minimum revenue share of EUR 2 million annually from the CTP. This guarantee would provide a clear commercial benefit for small trading venues, making the participation in the CTP economically viable despite their lower market data margins in comparison to larger exchanges.
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