

# RULES ON PAYMENT FOR RESEARCH AND EXECUTION SERVICES (LISTING ACT, MiFID II – DRAFT DELEGATED ACT)

## EUROPEAN COMMISSION'S CONSULTATION "HAVE YOUR SAY"

### AMAFI's answer

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AMAFI is the trade association representing financial markets' participants of the sell-side industry located in France. It has a wide and diverse membership of more than 170 global and local institutions notably investment firms, credit institutions, broker-dealers, exchanges and private banks. They operate in all market segments, such as equities, bonds and derivatives including commodities derivatives. AMAFI represents and supports its members at national, European and international levels, from the drafting of the legislation to its implementation. Through our work, we seek to promote a regulatory framework that enables the development of sound, efficient and competitive capital markets for the benefit of investors, businesses and the economy in general.

AMAFI welcomes the opportunity to contribute to the European Commission's Have your say on the draft delegated Act that implements the changes introduced by the Listing Act ([Directive \(EU\) 2024/2811](#)) regarding the payment for research and execution services under MiFID II ([Directive \(UE\) 65/2014](#)).

AMAFI strongly supports the policy objective of strengthening EU capital markets by improving the availability of investment research, in particular for small and mid-cap issuers. However, consistent with our previous positions ([see section II, C](#)), we wish to draw attention to a number of considerations regarding the reinstatement of joint payments for research and execution services and the way this may operate in practice under the proposed delegated Act.

## I. BACKGROUND OF THE PROPOSAL

### A. REGULATORY CONTEXT

The MiFID II Quick fix ([Directive \(EU\) 2021/338](#)), adopted as part of the Capital Markets Recovery Package, aimed to support investment research in the aftermath of the COVID-19 crisis. It allowed investment firms to pay jointly for execution and research services, subject to certain conditions, including a cap of EUR 1 billion market capitalisation.

This measure was intended to improve research coverage for small and mid-cap issuers. However, in practice, it did not reverse the decline in investment research and research coverage, especially on small and mid-cap companies.

Against this background, the Listing Act subsequently amended MiFID II by introducing an optional payment regime for investment research, allowing investment firms to choose between joint or separate payments for execution and research services, irrespective of the market capitalisation of the issuers covered by the research, but subject to specific transparency, governance and quality assessment requirements.

The draft Delegated Directive, which is the object of this Have your Say, gives effect to this new framework. It revises rules on the payment for research and execution services (*Delegated Directive (EU) 2017/593, Article 13*) by clarifying the conditions applicable to Research Payment Accounts (RPAs), i.e. dedicated accounts used to collect and manage research charges, whether operated as separate RPAs at client level or as joint RPAs pooling contributions from several clients, and by introducing a common obligation for investment firms to assess the quality of research, irrespective of whether research is paid for jointly or separately.

## B. AMAFI'S RESERVATIONS REGARDING "REBUNDLING"

As expressed during the Listing Act negotiations<sup>123</sup>, AMAFI considers that rebundling alone is unlikely to revive investment research. Since MiFID II entered into force in 2018, asset managers and research providers had adapted their business models and pricing structures. In practice, asking end investors to pay again for research that has not been explicitly charged for several years is quite difficult.

Additionally, there is a risk that rebundling may lead to reopening price negotiations for research services at a time when research fees have already declined significantly since MiFID II. AMAFI therefore warned against additional pressure put on the business model of research providers, particularly smaller firms, who are often the main or only providers of research on small and mid-cap issuers.

In synthesis, AMAFI considers that rebundling should not be seen as the solution for better research coverage of SMEs but that the development of Sponsored Research, as defined by the proposed EU Code of Conduct, should be encouraged, as it is particularly well suited to small and mid-cap companies, as illustrated in France (where nearly one third of issuers with a market capitalisation between EUR 10 million and EUR 1 billion on Euronext Paris (including Growth and Access) are covered under a sponsored research agreement)<sup>4</sup>.

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<sup>1</sup> Listing Act – AMAFI's key messages for the Trilogue ([AMAFI / 23-83](#)).

<sup>2</sup> European commission's « Have your say » about the Listing Act proposition AMAFI's answer ([AMAFI / 23-23](#)).

<sup>3</sup> EUROFI – Listing Act – AMAFI's position paper ([AMAFI / 23-33](#)).

<sup>4</sup> As of June 2025, in France, 300 active Sponsored Research contracts covered around 220 issuers (one third of them being covered by more than one broker), out of 700 listed issuers with a market capitalisation below 4 billion euros.

## C. AMAFI'S VIEWS ON ESMA'S FINAL REPORT

In its Final Report of 8 April 2025<sup>5</sup>, ESMA provided technical advice to ensure that the revision of the rules on the payment for research and execution services (*Delegated Directive (EU) 2017/593, Article 13*) reflects the changes introduced by the Listing Act to the MiFID II research payment regime.

ESMA confirmed that investment firms may pay for research from their own resources, through a Research Payment Account, or via joint payments for execution and research, subject in all three cases to key safeguards, including client transparency, a remuneration methodology agreed with providers, and an annual assessment of the quality, usability and value of the research.

AMAFI welcomes the fact that, following stakeholder feedback, ESMA removed the proposal to require a comparison with alternative research providers and instead retained a high-level obligation based on "*robust quality criteria*", thereby preserving firms' flexibility to apply internal assessment approaches adapted to their specific circumstances.

ESMA also introduced targeted safeguards for joint payments, including the ability to identify the research component and, where known, to provide clients with information on total research costs, while ensuring that joint payment arrangements do not lead to overpayment for research or hinder compliance with best execution.

AMAFI considers it important that the effects of these measures on research availability, market structure and the coverage of small and mid-cap issuers are monitored and assessed over time, consistent with the review mechanisms provided for under the Listing Act.

## II. AMAFI'S ANSWER TO THE EUROPEAN COMMISSION'S HAVE YOUR SAY

In respect of the European Commission's Have Your Say, AMAFI would like to make the following comments:

- ▶ **Risk of centralisation through Research Payment Accounts (RPAs)** - While the draft Delegated Directive formally preserves the choice between bundled and unbundled payment models, AMAFI members are concerned that the RPA requirements are so detailed that they require a level of expertise that has led certain market participants to offer to take on the operational management of asset management companies' RPAs. As these participants are brokers, this operational service places them in a favourable position to capture additional trading flows. In this context, the joint payments are likely to be organised through a limited number of large intermediaries acting as RPA or Commission sharing agreement-type hubs. In practice, these intermediaries would combine execution services and the management of research payments, meaning that investment firms would be encouraged to send most of their trading orders to a single intermediary for reasons of operational simplicity and regulatory compliance.

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<sup>5</sup> ESMA – [Final report](#) - Technical Advice to the European Commission on the amendments to the research provisions in the MiFID II Delegated Directive in the context of the Listing Act.

As execution flows become concentrated with these intermediaries, they would also control how much of the trading commission is allocated to research and how it is distributed among research providers. This could reduce the amounts effectively paid for research, make it more difficult for a broad range of brokers to be remunerated for their research and, ultimately, reduce the availability and diversity of research, in particular for small and mid-cap issuers.

AMAFI considers that competent authorities should monitor in practice how joint payment arrangements are implemented, in particular when they rely on RPA or commission sharing agreement-type hub structures. Where such arrangements lead to excessive concentration or have negative effects on research provision, especially on small and mid-cap issuers, the framework should be rectified promptly to address these effects. This measure would be fully consistent with the competitiveness objectives set by the European Commission.

- ▶ **Impact on market structure and coverage of mid-cap issuers** - Such concentration may have adverse effects on market structure by reducing the number of brokers that can economically sustain the range of services, such as liquidity providing (or market making), research and advisory required for a comprehensive coverage of an issuer. As execution flows become concentrated with a limited number of intermediaries, the others may see a decline in trading activity and revenues, making it more difficult for them to continue providing the full range of services. This would also weaken local market knowledge. The concern behind the new proposal should not be confused with issues related to liquidity fragmentation, as it does not relate to market microstructure issues. On the contrary, the presence of several brokers actively trading and covering a security contributes positively to price discovery, issuer visibility and investor engagement, which are particularly important for mid-cap issuers.
- ▶ **Close monitoring of implementation and ex post assessment** - AMAFI acknowledges that the present consultation does not aim to reconsider the underlying rationale of the amendments made to Level 1 or to substantially revise the draft Delegated Directive. Nevertheless, it is important that the impacts of the new framework are carefully monitored by competent authorities in order to avoid unintended effects and to ensure that the policy objectives pursued by the Listing Act are effectively achieved in practice, especially on research coverage of small and mid-cap issuers. This monitoring should focus in particular on impacts on market structure, concentration of execution flows and research coverage for small and mid-cap issuers.

