



**SFAF's consultation answer on the draft regulatory technical standards for the establishment of an EU code of conduct for issuer-sponsored-research**

**Question n°1: Are you aware of or adhering to another code of conduct for issuer-sponsored research that ESMA could take into account? If so, 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.**

SFAF's members are not aware of any other type of code of conduct for issuer-sponsored research that ESMA could consider except the French one.

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

We agree with the proposed approach but suggests adding elements regarding sub-contractors (PSI). The contract is setting a rhythm that should be respected and that should guarantee payment to the research provider.

**Question n°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.**

It is also important to set requirements for issuers, the 2 years and 50% payment rule should be considered best practice to maintain a trust-based relationship between issuers and research providers.

**Question n°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.**

Yes, we agree with the minimal initial term of the contract of two years. However, it is important to keep in mind that the IPO prospectus and issuer sponsored research reports are not similar documents. In the case of issuer sponsored research, the research is paid by the issuer and the research papers should be made completely and immediately available as opposed to IPO prospectus which are not always available (whether on websites or during the IPO meetings).

**Question n°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.**

Yes, we agree with the minimum upfront payment of 50% of the annual remuneration. But as a best practice we recommend 100% payment upon signing the contract.

**Question n°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.**

Yes, we agree with the information listed in Clause 7 of the code of conduct that research providers should make available to investment firms.

**Question n°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.**

One of the main issues met by research providers is that most of the time, research is partially paid... But, even when partially paid, research documents should be made available to all within a period of 2-3 days.

⇒ Maybe should it be made available on a dedicated platform?

The dedicated platform could be a solution, but which status will be given to PSI publications? Some of them might be reluctant sharing information.

Also, the partially paid research should be mentioned by the issuer (at least precising the information).

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

We recommend tolerance on the immediateness of the research documents. The publication on Research Pool can take a few days.