

**European Commission**  
**Directorate General Internal Market and Services**

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**CONSULTATION ON A REVISION OF THE MARKET ABUSE DIRECTIVE**

The European Commission has launched a public consultation on a revision of the Market Abuse Directive (MAD). The Central Chamber of Commerce of Finland submits the following statement.

The Central Chamber of Commerce of Finland welcomes the Commission's objective to reduce undue administrative burden for listed companies, especially for SMEs. A clear and coherent market abuse framework reduces the interpretation difficulties of multilevel regulation.

**Extension of the Scope of the Directive**

Regulation should guarantee a level playing field between regulated markets and MTFs. However, it should be acknowledged that the MAD cannot be extended to cover the non-regulated markets as a whole.

**(6) Is there a need for an adapted regime for SMEs admitted to trading on regulated markets and/or MTFs? To what extent should the adapted regime apply to SMEs or to “companies with reduced market capitalisation” as defined in Prospectus Directive? To what extent can the criteria to be fulfilled by SMEs as proposed for such an adapted regime be further specified through delegated acts?**

The IPO market in Finland is almost non-existent. The situation is not due to the recent financial crisis but started years before the crisis. SMEs do not want to be subject to the administrative burden caused by the current strict and demanding regulation on listed companies. In order to support growth in Europe it is crucial to take measures to increase SMEs interest in the securities market.

We support all efforts to reduce the administrative burden of listed companies, particularly SMEs. SMEs have very limited legal resources. The current securities market regulation does not acknowledge the fact that some listed companies are among the largest companies in the world whereas others are actually quite small with very limited administrative resources. The market value of a large listed company may actually be a thousand times higher than that of a small listed company. Therefore, there is a need for an adapted regime for SMEs admitted to trading on regulated markets and MTFs. Otherwise, we cannot expect much interest in the securities markets among SMEs.

The criteria to be fulfilled by SMEs could be further specified through delegated acts. The first level directive should, however, include all relevant provisions on the criteria and only technical issues should be subject to delegated acts. The definition of an SME also requires attention. Securities markets function cross-border, and the scope of an adapted regime for SMEs cannot differ from one Member State to another.

## **Enforcement Powers and Sanctions**

### **(7) How can the powers of competent authorities to investigate market abuse be enhanced?**

The current powers of competent authorities to investigate market abuse are sufficient and should not be increased. However, we do not oppose harmonisation of the competent authorities' sanctioning powers.

### **(8) How can sanctions be made more deterrent? To what extent need the sanction regimes be harmonised at the EU level in order to prevent market abuse? Do you agree with the suggestions made on the scope of appropriate administrative measures and sanctions, on the amounts of fines and on the disclosure of measures and sanctions? Why?**

The MAD review should be focused on administrative measures and sanctions, and the level of criminal sanctions should be left in the Member States jurisdiction. The measures and sanctions should be proportionate to the nature and seriousness of the breach and the economic capacity of the actor.

According to the consultation paper, sanctions are simply too weak in some Member States and lead to the risk of weak enforcement. We would like to point out that the harshness of sanctions is not decisive in the efficiency of enforcement. However harsh the sanctions are, they will not be effective if there is no efficient, unbiased and incorrupt surveillance. If there is weak enforcement in some Member States, it is most likely due to weak supervision activity, probably both by the stock exchange

and the supervision authority. There is no evidence that strict sanctions as such act as deterrent against non-compliance of rules. Enforcement is efficient only if there is a real risk of being caught and sanctioned.

We do not support the suggestion that the amount of the fine should be at least twice the advantage. We find this approach very unusual concerning sanctions in general and especially concerning securities markets. In some instances this would lead to an excessive sanction and in other cases this might be too lenient. In market abuse cases, there is a multitude of factors to be taken into consideration. We do not believe that a standardised sanction would function in such heterogeneous cases.

### **Single Rule Book**

**(11) Do you consider that a competent authority should be granted the power to decide the delay of disclosure of inside information in the case where an issuer needs an emergency lending assistance under the conditions described above? Why?**

In order to maintain stability, in some rare occasions it may be needed that a competent authority will have the power to decide to delay disclosure of inside information when an issuer needs an emergency lending assistance.

THE CENTRAL CHAMBER OF COMMERCE OF FINLAND

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