

## Comments on ESMA Consultation

### Position of DIRK<sup>1</sup>, the German Investor Relations Association, on the draft RTS for the establishment of an EU code of conduct for issuer-sponsored research

March 2025

#### Introductory Remarks

As a significant number of German small and medium sized issuers (SMEs) is commissioning sponsored research to improve visibility in the capital markets and attract investor interest, high research quality, independence and integrity supporting sufficient research coverage and market efficiency is crucial.

Generally, a code of conduct for issuer-sponsored research like the one proposed by ESMA could be suitable to contribute to these goals. However, DIRK strongly believes that implementing additional bureaucracy and further burdens, particularly for SMEs, is detrimental for the acceptance of such a code and potentially for SME research in general.

With this in mind, we propose a more flexible approach when drafting a code of conduct for issuer-sponsored research.

Please find our comments on specific questions of the consultation below:

**Question 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.**

There are established market standards for the preparation of research across various countries, such as the DVFA's Principles of Financial Analysis in Germany, which are recognized as "best practice" by the competent authority BaFin. These principles outline general requirements without distinguishing between independent and sponsored research, and are widely accepted, well-known, and trusted by investors.

We encourage ESMA to recognize these existing standards as equivalent to the proposed code of conduct.

DIRK – Deutscher  
Investor Relations Verband e.V.

Reuterweg 81  
60323 Frankfurt am Main

T +49(0)69.95 90 94 90  
F +49(0)69.95 90 94 999

info@dirk.org  
www.dirk.org

Bankverbindung  
Commerzbank  
Frankfurt

IBAN DE 8450 0800  
0002 0000 0300

BIC DRESDEFFXXX

Steuernummer  
045/227/31300

USt-IdNr.  
DE275909903

<sup>1</sup> DIRK – the German Investor Relations Association – is the largest European trade association uniting businesses and capital markets. We give investor relations (IR) a voice and represent approximately 90% of the capital listed on the stock exchange in Germany.

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

While we welcome the approach to implement a code of conduct for issuer-sponsored research, we would suggest a more flexible approach considering the specific characteristics of SMEs.

**Question 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.**

We agree that the code should primarily focus on research providers. Additional requirements for issuers should not be included. Otherwise, particularly SMEs would face undue additional hurdles.

**Question 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.**

No, in our view there should be a less rigid rule and more contractual freedom for the issuer and the research provider in regard to the term of any research contract. One-off reports should not be ruled out generally, as they can offer a significant value in specific situations – e.g. an IPO.

**Question 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.**

We agree that remuneration arrangements should not undermine the objectivity and independence of the research provider. We, therefore, understand ESMA's intention to avoid linking variable remuneration components to the research content. However, we propose a more flexible approach to prevent the burden of high upfront payments, which could deter the use of issuer-sponsored research, especially by SMEs.



Kay Bommer  
- General Manager -