

BETTER FINANCE Responds to Consultation Paper on the Draft Implementing Technical Standards on the Extension of the Use of the Alleviated Format of Insider Lists

03 June 2025

Ref: <https://www.esma.europa.eu/press-news/consultations/consultation-draft-implementing-technical-standards-extension-use>

Executive Summary

The European Commission argues that simplified insider lists will maintain sufficient information for enforcement, while easing burdens for all issuers. The overarching goal of this amendment is to bolster the Capital Markets Union (CMU) by supporting capital market access and incentivizing companies to list on public exchanges.

While BETTER FINANCE acknowledges the burden of compliance, we believe that its reduction should not come at the expense of the core objectives of the Market Abuse Regulation (MAR). Including fewer personal data points in insider lists and limiting them to “regular insiders” reduces traceability and increases the risk of market abuse. Thus, with the principle of proportionality and the goals of MAR in mind, the simplified format should remain unique to SME Growth Market issuers.

Instead of introducing a blanket extension of simplified insider lists to all issuers, we propose simplifying effective supervision by leveraging digitisation. Mandating an EU-wide electronic format for insider lists and establishing a centralised submission platform managed by ESMA would streamline communication with National Competent Authorities (NCAs) and enhance cooperation, further enhanced by the introduction of an automated, supervisory-access-only unique insider identifier.

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About BETTER FINANCE

BETTER FINANCE — the European Federation of Investors and Financial Services Users — is the voice of European citizens as savers, investors, and financial users at the EU level. Working independently from the industry, BETTER FINANCE serves as an independent hub of financial expertise for the direct benefit of individual shareholders, investors, savers, life insurance policyholders, pension fund participants, and mortgage borrowers across Europe. Their work aims to promote research, information, and training on investments, savings, and personal finances to lawmakers and the public. BETTER FINANCE counts 40 independent, national, and international member organisations, sharing similar objectives from the EU Member States as well as Iceland, Norway, Turkey, Lebanon, and Cameroon.

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Questions and answers

Q1. – Do you agree with the proposed approach? Please explain.

The European Commission's latest proposal to extend the simplified insider list regime - originally designed for SME Growth Market issuers - to *all* listed companies is presented as a step towards greater regulatory efficiency. While BETTER FINANCE supports burden reduction, it is critical to weigh this approach against the need to uphold the core objectives of the Market Abuse Regulation (MAR), particularly in terms of market integrity and transparency. **In line with the ITS's objective, simplification should be pursued through greater standardisation. One effective measure would be mandating an EU-wide electronic format for insider lists and establishing a centralised submission platform managed by ESMA.** This would streamline communication with National Competent Authorities (NCAs), enhance supervisory cooperation, and eliminate inefficiencies stemming from fragmented bilateral exchanges. Another step toward standardisation could be the introduction of an automated, supervisory-access-only unique identifier assigned to each individual appearing on insider lists. If implemented through a digital ESMA-managed platform, this could reduce - rather than add to - administrative burden. Such an identifier would support secure and consistent tracking of individuals across time, events, and issuers, particularly in complex scenarios involving consultants, external service providers, or entities listed in multiple jurisdictions.

SMEs have long argued that the administrative burden of maintaining detailed insider lists is disproportionate to their size and resources. The simplified regime, which requires only the names of individuals who regularly have access to inside information, rather than everyone with temporary access, was perceived positively by SMEs and aligned with the principle of proportionality. However, with this alleviation now proposed for all companies, we caution that the core rationale for insider lists - providing a clear and comprehensive audit trail for regulators in cases of suspected market abuse - may be undermined. Therefore, limiting insider lists to "regular insiders" introduces two significant risks:

First, reduced traceability: temporary insiders such as consultants, lawyers, or IT specialists, who may have access to sensitive information at critical moments, could be left off the list, making it more difficult for regulators to reconstruct the flow of information during investigations. Second, increased risk of abuse: with fewer names on the list and less detailed records, the deterrent effect of MAR is weakened, potentially emboldening those who might otherwise be discouraged by the prospect of scrutiny.

The burden of compliance is real, but so is the threat of insider trading and market manipulation. The end question is, what is most valuable for SMEs? If simplified insider lists are extended to all companies, large companies stand to benefit the most. Large companies, which are often at the centre of high-stakes market activity, would benefit from reduced compliance costs but also face less stringent tracking of insider information. This could make it easier for leaks or manipulation to go undetected, precisely in situations where the stakes and potential profits from abuse are highest. For SMEs, the simplified

regime is about simplification and efficiency; for large companies, it could become a means of weakening market oversight at the very top end of the market, where robust controls are most necessary.

In summary, while reducing the compliance burden is a valid and important goal, it should not come at the expense of market integrity and effective oversight. The most balanced approach would be to enhance standardisation through an EU electronic format and a centralised ESMA-managed submission point for NCAs access and cross-border collaboration, rather than a blanket extension of simplified insider lists to all issuers. This would ensure the regulatory framework remains both efficient and robust, streamlining insider list management for SMEs, and issuers in general, without creating new vulnerabilities in the broader market.

Finally, and given the changes in data requirements that may not materialise in stronger cross-border enforcement in the current approach, we recommend ESMA and the European Commission to conduct a review within three years of application, along with NCAs, to assess enforcement impacts and potential traceability gaps.

Q2. - Do you consider the permanent section of the insider list for all issuers (and SMEs GM issuers in those MS that have opted out of the simplified regime) contained in Annex I useful?

BETTER FINANCE has always considered the **permanent section of the insider list a useful and necessary tool**, provided it is implemented with a strong commitment to traceability and supervisory effectiveness.

While we acknowledge the aim of reducing administrative burdens on issuers, we are concerned that **proposed reductions in mandatory data – under the label of “burden reduction”** – could compromise the effectiveness of insider identification, particularly over time. For supervisory authorities, insider lists are essential for reconstructing the flow of sensitive information and for investigating potential market abuse. Weakening the information requirements risks undermining the very purpose of these lists (see our points in Q1).

In particular, **the proposal to allow omission of the national identification number (ID) if the date of birth is provided is problematic**. Both the date of birth and national ID should remain **mandatory elements** of the permanent insider list. These are not redundant: an individual may change nationality or national ID, but their birthdate does not change – and both data points together ensure enduring traceability.

In our view, framing this reduction as “burden relief” is **counterproductive**, as it may instead create **“gaps in traceability”** that hinder market abuse investigations. We therefore recommend the following:

- **For permanent insider lists**, both the **date of birth and national ID must be required**. Where one is missing, the record should only be considered provisional, with a clear obligation on the issuer to complete the information as soon as possible.

- **For event-based lists**, limited simplification could be accepted – allowing one identifier as a minimum (birthdate and /or national ID). However, we strongly advise that both identifiers still be encouraged to ensure completeness.

These requirements should not be seen as administratively excessive. In fact, digitisation should be leveraged to **strengthen oversight without increasing complexity**. With the proposed move toward **standardised electronic formats**, issuers would be well-equipped to manage timely and efficient updates to insider lists. Additionally, the proposed introduction of **supervisory-only unique identifiers** for individuals on insider lists would further facilitate efficient supervisory cooperation.

In conclusion, **the permanent section of the insider list is not only useful but essential** – especially for ensuring long-term accountability in financial markets. It should be preserved and reinforced, not diluted. For the protection of retail investors and to uphold the integrity of EU markets, **traceability must remain a non-negotiable principle**.