

Buy-side Survey: Impact of MiFID II on investment research

Welcome to the Survey 'Impact of MiFID II on Investment Research'

Introduction

Your participation is much appreciated!

If you have questions, please email admin@riskcontrollimited.com. The survey is available online until **15th June 2019**.

Risk Control is conducting this survey **on behalf of the European Commission** (DG FISMA). The survey will be summarised in a **study** that Risk Control is preparing for the Commission entitled 'Impact of MiFID II Rules on SME and Fixed Income Investment Research'. Information on the European Commission tender award associated with this project may be found [here](#).

It is expected that the report will be **published** after the project is completed in September 2019.

Data Confidentiality Notice

The results of the project will be included in **anonymised and aggregated** form in the final report. The identity of respondents to the survey will be known only to the Risk Control team involved in verifying the quality of the data and will not be reported to any body outside Risk Control. Data will be employed only as inputs to the study for the European Commission and all copies will be destroyed once the project is complete.

Session management

The surveys must be completed within a single browser session. When you have completed the survey, click the submit button and your data will be included in the survey. If your browser session ends before you have completed the survey, you will have to re-submit your data. If you wish to prepare your answers offline, you may find it convenient to use the PDF version of the questions that can be found [here](#). You should then type your prepared responses into the online version of the survey.

Definitions

On the sell side, we distinguish between:

- **Global banks or investment banks** (we define this based on the EU top ten equity underwriting institutions, namely Goldman Sachs, JP Morgan, Morgan Stanley, Citi, Bank of America Merrill Lynch, Deutsche Bank, UBS, Barclays, Credit Suisse, BNP Paribas)
- **Large banks or investment banks** (defined as banks with assets greater than EUR 200 bn other than those listed above and investment banks other than those listed above)
- **Mid-sized and small banks** (defined as banks with assets below EUR 200 bn)
- **Global non-bank brokers (or brokers with non-significant banking activities)** (defined as a non-bank broker active in multiple countries and with a broad international focus)
- **Other brokers**
- **Large Independent Research Providers (IRPs)** (30 employees or more)
- **Other IRPs** (fewer than 30 employees).

We define **Small and Medium Enterprises or SMEs** to be firms with market capitalisation less than EUR 1bn.

In this sense, **SMEs** are a combination of **Small Caps** (EUR 200 mn to 1 bn), **Micro Caps** (EUR 50 mn to 200 mn), and **Nano Caps** (less than EUR 50 mn).

We define

- **Large Cap** firms are those with equity market capitalisation greater than EUR 5 bn
- **Mid Cap** firms are those with equity market capitalisation between EUR 1 bn to 5 bn

The term "**Research**" as used in the survey is defined in the broad sense not just "investment research" produced by a "research department". "**Research**" here also means telephone, email and face-to-face interactions as well as written research.

"**Credit research**" is defined to include research covering corporate bonds and securitisations but not research related to instruments issued by sovereigns or public sector entities.

Thank you!

Click Next to begin!

Identification

1. What is the name of your firm? *

This question is **compulsory**. The firm name associated with your survey response will be treated **confidentially** and **will not be revealed to anyone** except the Risk Control team that checks the data quality of responses prior to them being collated and presented in an **aggregated, anonymised** form.

2. Please provide a contact email address. *

This question is **compulsory**. The email address will be used only to confirm the identity of the firm that has submitted the response to ensure data quality. It **will not be revealed to anyone** outside the Risk Control team that checks the data quality of responses prior to them being collated and presented in an aggregated, **anonymised** form.

Broad description of buy-side firm

3. In which country is your firm domiciled?

Argentina
Australia
Austria
Bahrain
Belgium



Brazil
Bulgaria
Canada
Chile
China
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Japan
Kuwait
Latvia
Liechtenstein
Lithuania
Luxembourg
Malaysia
Malta
Mexico
Netherlands
New Zealand
Norway
Oman
Peru
Philippines
Poland
Portugal
Qatar
Romania
Saudi Arabia
Singapore
Slovakia
Slovenia

Slovenia
South Africa
South Korea
Spain
Sweden
Switzerland
Taiwan
Thailand
United Arab Emirates
United Kingdom
United States
Other

4. Please specify the country in which your firm is domiciled:

5. If your firm is domiciled in the EU, is it a subsidiary of a firm domiciled outside the EU?

- Yes
- No
- Not domiciled in the EU

6. If your firm is domiciled in the EU and is a subsidiary of another firm, what is the domicile of your firm's parent?

Not applicable
Argentina
Australia
Austria
Bahrain
Belgium
Brazil

Brazil

Bulgaria

Canada

Chile

China

Croatia

Cyprus

Czech Republic

Denmark

Estonia

Finland

France

Germany

Greece

Hungary

Iceland

India

Indonesia

Ireland

Israel

Italy

Japan

Kuwait

Latvia

Liechtenstein

Lithuania

Luxembourg

Malaysia

Malta

Mexico

Netherlands

New Zealand

Norway

Oman

Peru

Philippines

Poland

Portugal

Qatar

Romania

Saudi Arabia

Singapore

Slovakia

Slovenia

South Africa
South Korea
Spain
Sweden
Switzerland
Taiwan
Thailand
United Arab Emirates
United Kingdom
United States
Other

7. Please specify the domicile of your firm's parent: *

8. If your firm is domiciled outside the EU, does your firm have authorised European subsidiaries providing investment services to clients in the EU?

- Yes
- No
- Not applicable

9. If your firm is domiciled in the EU, does it have one or more authorised subsidiaries outside the EU?

- Yes
- No
- Not applicable

10. If you are not domiciled in EU, do you trade financial products through EU trading venues, or service EU clients directly / indirectly via sub-advisory agreements with EU firms that are subject to MiFID II?

- Yes
- No
- Not applicable

11. What is the size of your firm's Assets Under Management (AUM)?

Choose one of the following options (in EUR, billions):

- AUM > 500
- $100 < \text{AUM} \leq 500$
- $50 < \text{AUM} \leq 100$
- $10 < \text{AUM} \leq 50$
- $5 < \text{AUM} \leq 10$
- $1 < \text{AUM} \leq 5$
- $0.5 < \text{AUM} \leq 1$
- $0.2 < \text{AUM} \leq 0.5$
- $0.1 < \text{AUM} \leq 0.2$
- $\text{AUM} \leq 0.1$

12. What is the size of the Assets Under Management (AUM) of the group of companies to which your firm belongs?

Choose one of the following options (in EUR, billions):

- AUM > 500
- $100 < \text{AUM} \leq 500$
- $50 < \text{AUM} \leq 100$
- $10 < \text{AUM} \leq 50$
- $5 < \text{AUM} \leq 10$
- $1 < \text{AUM} \leq 5$
- $0.5 < \text{AUM} \leq 1$
- $0.2 < \text{AUM} \leq 0.5$
- $0.1 < \text{AUM} \leq 0.2$
- $\text{AUM} \leq 0.1$

13. In which of the following asset classes do your funds invest?

Choose *one or more* of the following options:

- Large Cap Equities
- Mid Cap Equities
- Small Cap Equities
- Micro Cap Equities
- Nano Cap Equities
- Corporate Bonds
- High-yield Bonds
- Corporate Loans
- Securitisations
- Other

14. If you invest in SME (Small/Micro/Nano Cap) Equities, do you have specialised funds designated as such for this purpose?

- Yes
- No

15. If you invest in High-yield bonds, do you have specialised funds designated as such for this purpose?

- Yes
- No

16. Which of the following best describes your firm?

- Asset manager
- Hedge fund
- Pension fund
- Insurance firm
- Private bank
- Family Office
- Other

Research budget, organisation, budgets, research staff, costs of external research, comparison EU/US, trends pre/post MiFID II

17. Does your firm have a Research Department?

- Yes
- No

18. Which areas of research are the most important for your business?

Choose *one or more* of the following options:

- Macroeconomics
- Fixed Income (non-Credit)
- Credit
- Large or Mid Cap Equities
- Small/Micro/Nano Cap Equities
- Analytics & Trading strategies
- Other

*

19. By your estimate, how much were your firm's research budgets in 2017, and how did research budgets evolve in 2018 and 2019?

Budgets in 2017 in EUR

Overall (internal and external)

External research

External research on Large and Mid Cap Equities

External research on SME Equities

External research on Credit

Internal research

Changes in Budgets

Percentage change from
2017 to 2018

Percentage change from
2018 to 2019

Overall (internal and external)

External research

External research on Large and
Mid Cap Equities

External research on SME
Equities

External research on Credit

Internal research

20. How have the MiFID II unbundling rules induced your firm to change its own overall research activity?

	Greater reliance on	Reduced reliance on	No change in
Internal research	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quantitative strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Passive strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fundamentals-based strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. What is the number of internal researchers within your firm for

- Large and Mid Cap Equities?
- SME Equities?
- Credit?

	0 to 10	10 to 50	50 to 200	200 to 500	More than 500
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. What is the percentage change in the number of internal researchers within your firm since January 2018 for

- Large and Mid Cap Equities?
- SME Equities?
- Credit?

Percentage Change

Large and Mid Cap Equities

SME Equities

Credit

23. Is the change in the number of your firm's internal research analysts since January 2018 above or below trend?

- Large and Mid Cap Equities?
- SME Equities?
- Credit?

Above
trend

Below
trend

Same as
trend

Unknown

Large and Mid Cap Equities

SME Equities

Credit

24. In your view, has the all-in cost of external research changed since January 2018 in the cases of

- Large and Mid Cap Equity research?
- SME Equity research?
- Credit research?

	Increased	Stable	Decreased	Do not know
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25. In your view, is comparable research offered by IRPs more or less expensive than that of brokers in the three cases:

- Large and Mid Cap Equities?
- SME Equities?
- Credit research?

	IRPs more expensive	IRPs less expensive	Equally expensive	Unknown
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

26. In your view, is the all-in cost of comparable research from EU brokers more or less than the all-in cost of research from US brokers in the three cases

- Large and Mid Cap Equities?
- SME Equities?
- Credit?

	EU brokers more expensive	EU brokers less expensive	Equally expensive	Unknown
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27. In your view, is Equity research for EU SMEs more or less costly than for US SMEs?

- More expensive in Europe
- Less expensive in Europe
- Equally expensive
- Unknown

28. Which factors influence the relative cost across the two jurisdictions?

An additional factor can be added in the last row.

	Greater in EU	Greater in US	Equal in two jurisdictions	Unknown
Degree of competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory burden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of research	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="text" value="Enter another option"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

29.

In your view, has the administrative burden of obtaining external research changed since January 2018 in the three case:

- Large and Mid Cap Equities?
- SME Equities?
- Credit?

	Increase	Decrease	Stable	Unknown
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you wish, please provide text on what changes in the administrative burden have been most material for your business.

30. Have MiFID II inducement rules resulted in a change in the execution cost of trading for SME Equities?

- Reduced execution costs
- Increased execution costs
- No impact
- Unknown

31. Have MiFID II inducement rules resulted in a change in execution spreads for Credit securities?

- Reduced spreads
- Increased spreads
- No impact
- Unknown

Payment methods & legal aspects

32. How does your firm pay for research currently and how did it pay before MiFID II?

	Before MiFID II	Since MiFID II
P & L	<input type="checkbox"/>	<input type="checkbox"/>
RPA	<input type="checkbox"/>	<input type="checkbox"/>
Commission Sharing Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Bundled method	<input type="checkbox"/>	<input type="checkbox"/>
Via spreads (for credit research)	<input type="checkbox"/>	<input type="checkbox"/>

33. Which of the following considerations has influenced your choice post MiFID II?

Choose *one or more* of the following options:

Competitive considerations

Taxation strategy

Regulatory burden

Administrative burden

Other

*

34. Is the choice between P&L and RPAs likely to affect the total cost to clients (including both direct and indirect charges)?

Yes

No

Unknown

35. If you have adopted the P&L method, have you adjusted your fees accordingly?

Yes

No

Unknown

36. If your firm pays for external research via RPA, how is the cost allocated between funds?

- Prorated among all funds based on their size
- Prorated by fund categories (equities, fixed income, etc.) based on their size
- Other

37. Has your firm written guidelines for research cost allocation?

- Yes
- No
- Not relevant
- Unknown

38. Have you received sufficient guidance from your national regulators and ESMA on the application of the new rules?

- Yes
- No
- Unknown

39. Does your firm have written contracts and agreements in place with your research providers?

- Yes in all cases
- Yes in most cases
- Yes in minority of cases
- No
- Unknown

40. Has your firm taken any steps to stop receiving any unsolicited research?

- Yes
- No
- Unknown

41. What steps has your firm taken?

Choose *one or more* of the following options:

- Automatically blocked or filtered certain senders or materials
- Requested a provider to stop providing research
- Used the compliance function of the firm to monitor, assess and determine whether the material can be accepted before it reaches those parts of the firm that would make use of it
- Provided adequate training or information to staff to ensure they understand the inducements obligations and the firm's specific approach to receiving research
- Established a process whereby staff can report to compliance or senior management any cases of unsolicited research
- Other

*

42. Has the level of your firm's participation in investor roadshows changed since January 2018?

- Increased participation
- Decreased participation
- No change in participation
- Unknown

43. Does your firm find it challenging to distinguish which Corporate Access activities should be paid for and which are Minor Non-Monetary Benefits (MNMB)?

- Yes
- No
- Unknown

44. Where does your firm apply the MiFID II rules on external research?

Choose *one or more* of the following options:

- EU
- Rest of Europe
- US or Canada
- Asia excluding Japan
- Japan
- Rest of the world

Availability, sourcing, evaluation of quality and actual use of research

45. How many investment research providers do you currently use **overall** and how many are brokers/independent providers/other entities within your own group?

Same question prior to the introduction of MiFID II in January 2018?

	Total	Brokers	Independents	Intragroup
Post-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Pre-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

46. How many investment research providers do you currently use for **Large and Mid Cap Equities** and how many are brokers/independent providers/other entities within your own group?

Same question prior to the introduction of MiFID II in January 2018?

	Total	Brokers	Independents	Intragroup
Post-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Pre-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

47. How many investment research providers do you currently use for **SME Equities (Small/Micro/Nano Caps)** and how many are brokers/independent providers/other entities within your own group?

Same question prior to the introduction of MiFID II in January 2018?

	Total	Brokers	Independents	Intragroup
Post-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Pre-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

48. How many investment research providers do you currently use for **Credit** and how many are brokers/independent providers/other entities within your own group?

Same question prior to the introduction of MiFID II in January 2018?

	Total	Brokers	Independents	Intragroup
Post-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Pre-MiFID II	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

49. Have MiFID II rules led you to change your consumption of research from Online Research Marketplaces (ORMs)?

- Increase due to MiFID II rules
- Decrease due to MiFID II rules
- No

50. Have MiFID II rules led you to change your consumption of research from Broker Platforms?

- Increase due to MiFID II rules
- Decrease due to MiFID II rules
- No

51. Of your current research providers, how many are **domiciled in the EU**?

Quantity

Large and Mid Cap Equities

SME Equities

Credit

52. Of the research providers you employed **before** January 2018, how many were **domiciled in the EU**?

Quantity

Large and Mid Cap Equities

SME Equities

Credit

53. Has MiFID II encouraged the emergence of new research providers for SME Equities (Small/Micro/Nano Cap) research?

- Yes
- No
- Unknown

54. Which organisations have provided additional research for SME Equities?

- Brokers
- Independent Research Providers
- Buyside researchers

55. Has MiFID II encouraged the emergence of new research providers for Credit research?

- Yes
- No
- Unknown

56. Which organisations have provided additional Credit research?

- Brokers
- Independent Research Providers
- Buy-side researchers

57. Which methods do you use to assess the value of research and what is their relative importance in your overall assessment?

1 (least) to 5 (most)

Judgement or Score Cards of Individual Managers	<input checked="" type="checkbox"/> ★★★★★
Numbers of Times Accessed	<input checked="" type="checkbox"/> ★★★★★
Use of Public Research Rankings	<input checked="" type="checkbox"/> ★★★★★
Broker Voting	<input checked="" type="checkbox"/> ★★★★★
Analyst Ranking	<input checked="" type="checkbox"/> ★★★★★
<input type="text" value="Enter another option"/>	<input checked="" type="checkbox"/> ★★★★★

58. Has the **quantity** of research that your firm consumes on (i) **Large and Mid Cap Equity**, (ii) **SME Equity** and (iii) **Credit** changed since January 2018?

	Increase in quantity	Decrease in quantity	No change in quantity	Unknown
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

59. Has the **quality** of (i) **Large and Mid Cap Equity**, (ii) **SME Equity** and (iii) **Credit** research changed since January 2018?

	Increase in quality	Decrease in quality	No change in quality	Unknown
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

60. How have the following influences on SME Equity research quality evolved since January 2018?

An additional factor can be added in the last row.

	Increase	No change	Decrease	Unknown
Number of analysts employed by research providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seniority of analysts employed by research providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Depth and thoroughness of analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase in number of research providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="text" value="Enter another option"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

61. How have the following influences on Credit research quality evolved since January 2018?

An additional factor can be added in the last row.

	Increase	No change	Decrease	Unknown
Number of analysts employed by research providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seniority of analysts employed by research providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Depth and thoroughness of analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase in number of research providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="text" value="Enter another option"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

62. Overall, would you say that the MiFID II research unbundling rules have changed your access to research on **EU SME Equities**?

- Rules have increased access
- Rules have had no effect on access
- Rules have reduced access
- Unknown

63. If you answered "Rules have increased access" or "Rules have reduced access", did this affect your investments in EU Small and Micro Caps?

- Yes
- No
- Unknown

64. If you answered "Rules have increased access" or "Rules have reduced access", did this affect the performance of your funds?

- Negative impact
- Positive impact
- No impact
- Unknown

65. Overall, would you say that MiFID II research unbundling rules have changed your access to research on EU **Credit**?

- Rules have increased access
- Rules have had no effect on access
- Rules have reduced access
- Unknown

66. If you answered "Rules have increased access" or "Rules have reduced access", did this affect your investments in EU Credit?

- Yes
- No
- Unknown

67. If you answered "Rules have increased access" or "Rules have reduced access", did this affect the performance of your funds?

- Negative impact
- Positive impact
- No impact
- Unknown

Thank You!

Thank you for taking our survey. Your response is very important to us.