

# IRP Survey: Impact of MiFID II on investment research

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## 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](mailto:admin@riskcontrollimited.com). The survey is available online until **30th 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.

Please note that, in parallel to this survey, Risk Control is conducting one-hour structured interviews on the effects of MiFID II unbundling rules on investment research. If you would like to participate, please email [admin@riskcontrollimited.com](mailto:admin@riskcontrollimited.com). In these interviews, we seek to understand respondents broader perspectives on the regulations and their impact on the market. All interviews are conducted on a confidential basis.

Thank you!

**Click Next to begin!**

## Identification

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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 IRP, organisation, scale and role of research

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3. In which country or region 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

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

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, does it have one or more authorised subsidiaries outside the EU?

- Yes
- No
- Not applicable

7. How many employees work in your firm?

- 0 to 10
- 11 to 30
- 31 to 50
- 51 to 100
- More than 100



10. What was the change in the number of research analysts in your organisation from 2017 to 2019

- Globally?
- In the EU?

*Please put a negative sign "-" (without the double quotes) in front of the number if it is decreasing.*

Globally

- Change

- Unknown

In the EU

- Change

- Unknown

11. Have you observed a "juniorization" or "seniorization" trend within your analyst staff since entry into force of MiFID II?

- Yes, juniorization
- Yes, seniorization
- No change
- Unknown







17. What was the change in the number of credit research analysts in your organisation from 2017 to 2019

- Globally?
- In the EU?

*Please put a negative sign "-" (without the double quotes) in front of the number if it is decreasing.*

Globally

- Change

- Unknown

In the EU

- Change

- Unknown

18. Please estimate the number of European SME firms (Small/Micro/Nano Caps) covered by your firm's research.

- Number

- Unknown

19. Please estimate how the number of European SME firms covered by your firm's research has changed since January 2018?

*Please put a negative sign "-" (without the double quotes) in front of the number if it is decreasing.*

Percentage change

Unknown

20. Please estimate the number of European Large and Mid Cap firms covered by your firm's research.

Number

Unknown

21. Please estimate how the number of European Large and Mid Cap firms covered by your firm's research has changed since January 2018?

*Please put a negative sign "-" (without the double quotes) in front of the number if it is decreasing.*

Percentage change

Unknown

22. Please estimate the number of European Credit products covered by your firm's research.

Number

Unknown

23. Please estimate how the number of European Credit products covered by your firm's research has changed since January 2018?

*Please put a negative sign "-" (without the double quotes) in front of the number if it is decreasing.*

Percentage change

Unknown

24. Does your firm provide company level sponsored research?

Yes

No

25. If your firm has provided company level sponsored research since 2017, what was the percentage change in turnover related to this activity from 2017 to 2018?

*Please put a negative sign "-" (without the double quotes) in front of the number if it is decreasing.*

Percentage change

Unknown

### **Impact of MiFID II on availability of research**

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26. How has the number of customers accessing your research evolved since January 2018?

Increased

Decreased

No change

Unknown

27. Has your firm increased its use of Online Research Marketplaces (ORMs) to disseminate research since January 2018?

Yes

No

Unknown

28. In your view, how has the introduction of MiFID II affected your production of research?

	Increase	Decrease	No change	Unknown
Macroeconomics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-Credit Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Analytics & Trading Strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Commodities	<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, for buy-side firms, which factors have influenced changes in the availability of research for

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

Choose *one or two* factors from the following options.

	IRP Research		Broker Research		Unknown
	Contraction in IRP Research	Expansion in IRP Research	Contraction in Broker Research	Expansion in Broker Research	
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"/>

30. In your view, how has MiFID II affected the usefulness of consensus forecasts?

- Increased
- Decreased
- No change
- Unknown

31. Has your firm reduced the extent to which it contributes earnings forecasts to aggregators?

- Yes
- No
- Unknown

### Impact of MiFID II on quality of research

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32. Has MiFID II changed the number of Independent Research Providers for

	Increase	Decrease	No change	Unknown
Macroeconomics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-Credit Fixed Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Large and Mid Cap Equities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Analytics & Trading Strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Commodities	<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"/>



33. Has MiFID II changed the amount of sponsored research for

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

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

34. Have your clients put more efforts in evaluating the quality of research since January 2018?

- Yes
- No
- Unknown

#### **Impact of MiFID II on pricing of research**

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35. Have you changed your price to adapt to MiFID II?

- Yes, increased
- Yes, decreased
- No
- Unknown

36. How do you currently charge for access to research for clients (i) subject to MiFID II rules and (ii) not subject to MiFID II rules?

	All inclusive annual access to research platform	Annual fee and rate card for incremental services	"Vote" - Initial fee and subsequent charges based on data or survey	Other
Subject to MiFID II rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not subject to MiFID II rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

37. What is the minimum yearly price for accessing your research?

Price for Credit research

Price in EUR

Unknown

Price for Equity research

Price in EUR

Unknown

38.

What are the total worldwide revenues generated directly by your firm's EU Equity and Credit-related research in 2018?

- Less than €1 mn
- Between €1-5 mn
- Between €5-20 mn
- Between €20-50 mn
- More than €50 mn
- Do not know

How has your revenue generated through sales of research evolved since January 2018?

- Increased
- Decreased
- No change
- Unknown

39. In your view, across the market, do brokers tend to **underprice** research?

- Yes
- No
- Unknown

40. If so, do you expect the charges for research across the industry to increase over time?

- Yes
- No
- Unknown

**Thank You!**

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