CFA Institute

HELPING SME'S ACCESS FUNDING SURVEY REPORT

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Contents

About the Survey

Background and Purpose

The purpose of this survey is to gather feedback from members in the European Union on how the investment industry can help Small and Medium Enterprises (SMEs) access funding but give due consideration to the barriers for raising capital and attracting investors' interests in funding these enterprises.

Responses will help inform CFA Institute's response to the European Commission related to the viability of various proposed solutions at a high-profile event in February 2013.

Methodology

On 3 December 2012, all CFA Institute members in the European Union (14,630 total) were invited via email to participate in an online survey. One reminder was sent to non-respondents on 10 December and the survey closed on 12 December 2012. 456 valid responses were received, for a response rate of 3% and a margin of error of ± 4.5%.

Respondent Profile

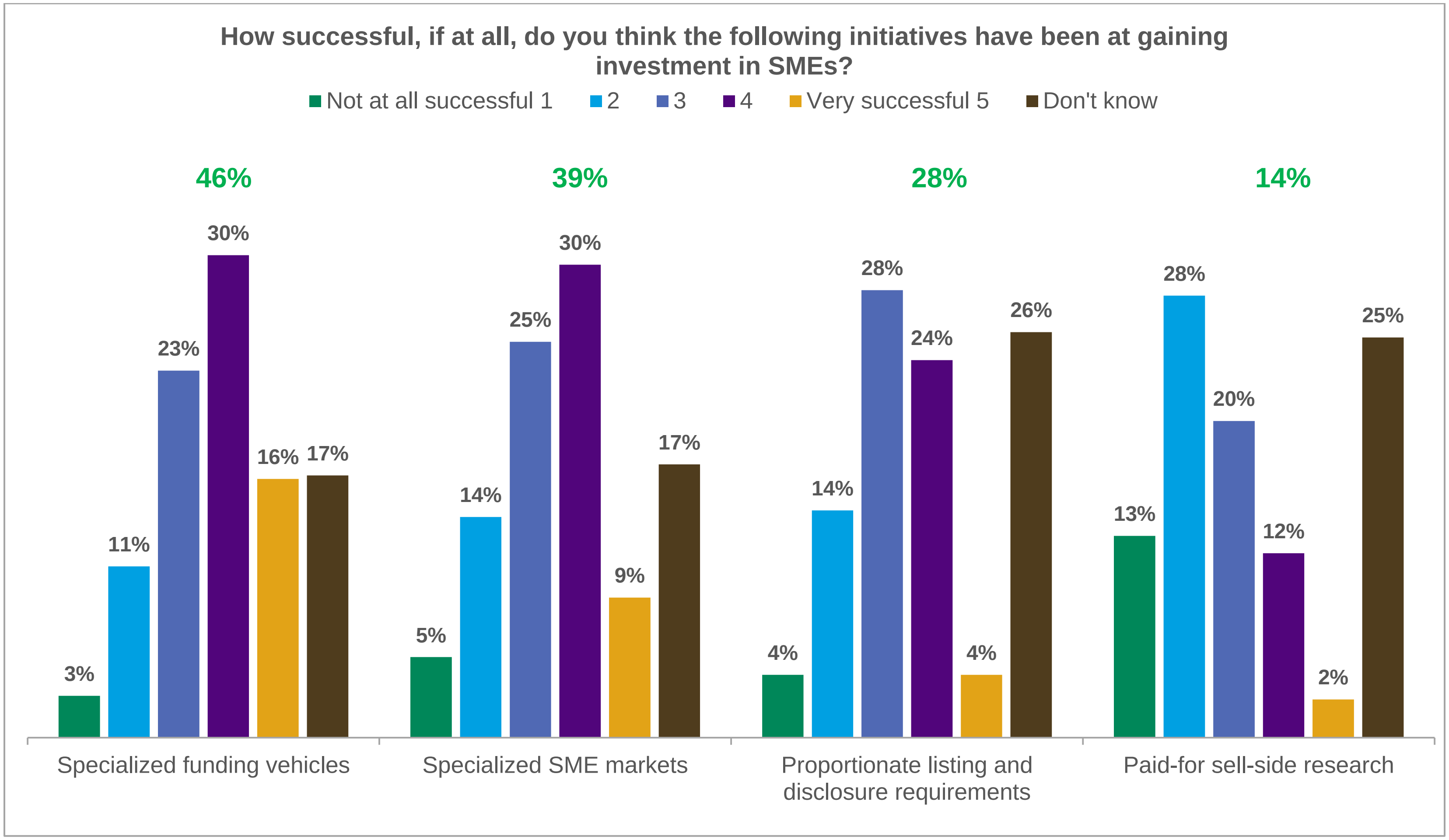
The top job functions of respondents are portfolio manager (16%), research analyst (9%), risk manager (7%), consultant (7%) and chief-level executive (6%). 39% of respondents listed other occupations and 7% of respondents did not provide an occupation.

The majority of respondents are located in United Kingdom (29%), Germany (16%), Italy (7%), Spain (6%), Netherlands (5%), Austria (4%), Poland (4%) and France (4%).

Survey Results

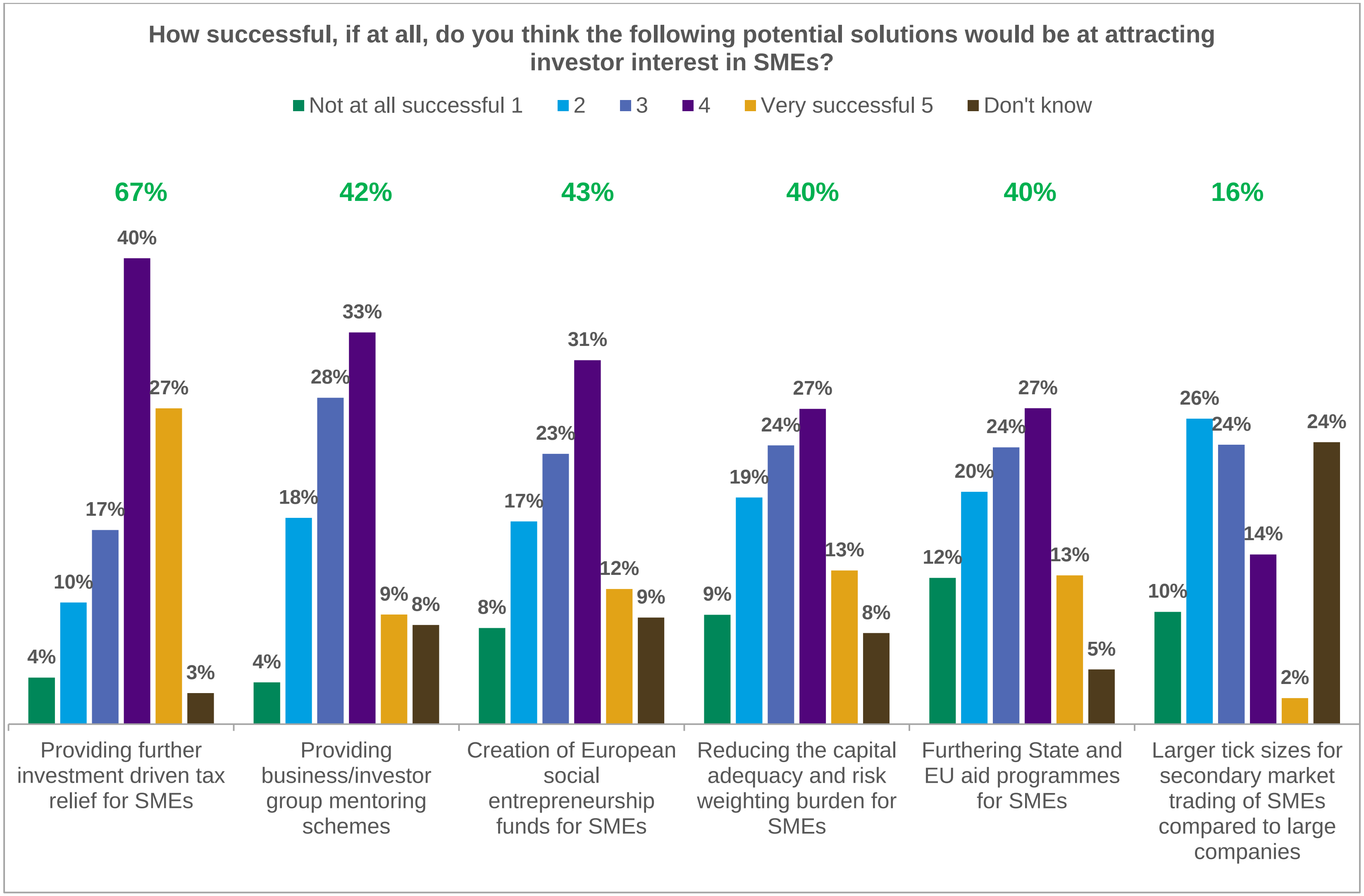
Success of Initiatives

46 percent of respondents think specialized funding vehicles have been successful at gaining investment in SMEs, 39 percent think specialized SME markets have been successful, 28 percent think proportionate listing and disclosure requirements have been successful, and 14 percent think paid-for sell-side research has been successful.



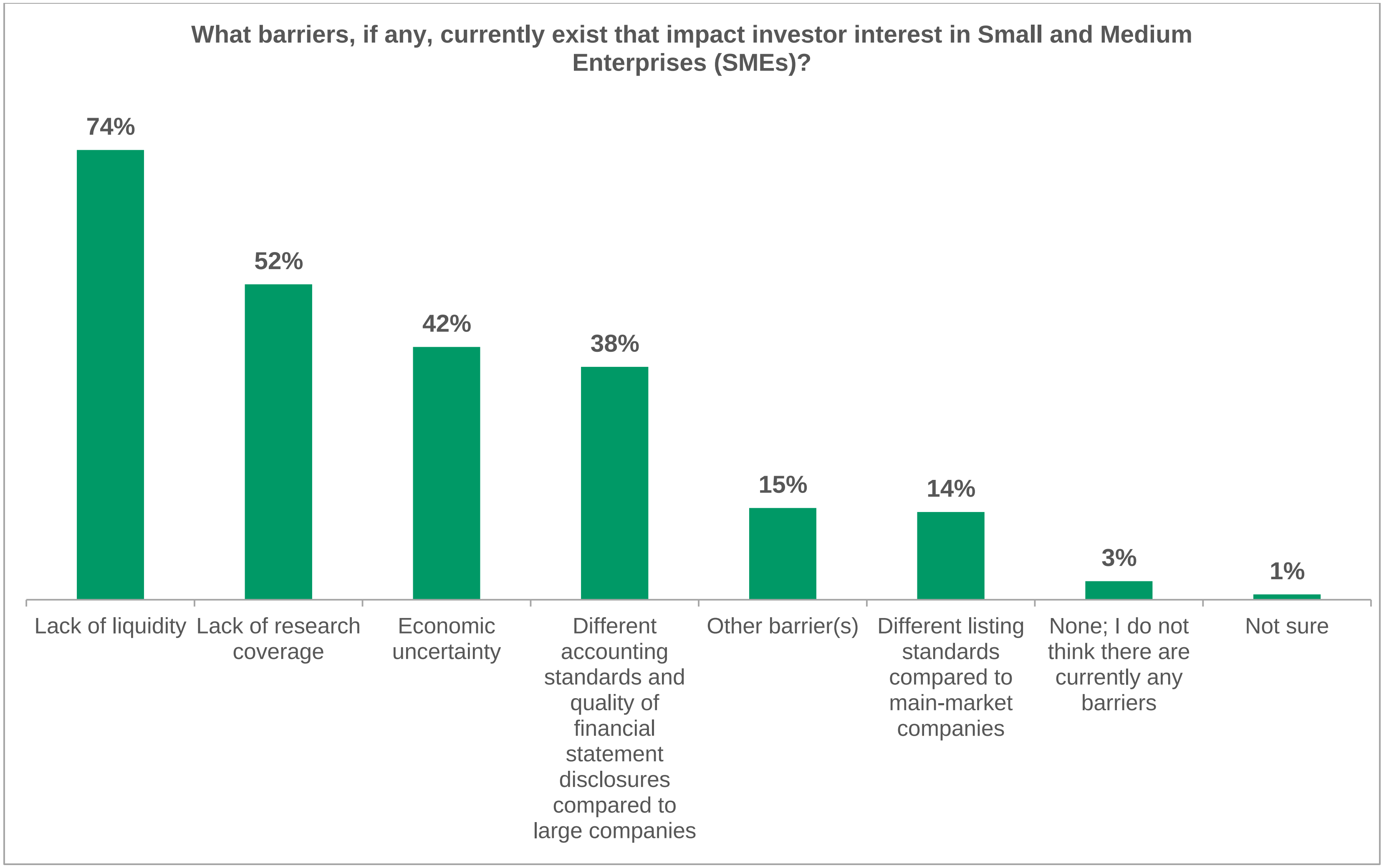
Success of Potential Solutions

The majority of respondents (67 percent) think providing further investment driven tax relief for SMEs would be successful at attracting investor interest in SMEs.



Barriers of SMEs

The majority of respondents (74 percent) indicate lack of liquidity as a barrier that impacts investor interest in SMEs. 52 percent said lack of research coverage is a barrier, 42 percent said economic uncertainty, and 38 percent said different accounting standards and quality of financial statement disclosures compared to large companies.



Appendix

Response Explanations and Comments

Other barriers

- ability to invest large amounts efficiently, most small companies are not appropriate for listing and add hard to diligence as larger ones
- access to professional expertise
- Accessing and getting quality financial documents
- Arranging debt financing packages with banks
- asymmetry of information
- business concentration risk (lacking diversification)
- Consultant advice to "go global" results in mid-large cap focus. Fee structures that result in the NET return being no different to listed mid-cap investment.
- cost of compliance to regulations such as anti-money laundering can be costly
- Default risk
- difficulty in creating business model to successfully distribute funding to SMEs
- Entry, due diligence and management costs fixed and too high as % of SME enterprise value
- Euro subsidy Regulation only allows for a very Limited Range of Public Support. There is a clear market failure with respect to SME Equity financing
- Expense of DD / Info collection
- Financial support bias on behalf of large companies, what means that SMEs may find it difficult to get financial support from banks, for example for their daily business (i.e. credit lines).
- Fraud
- Greater risks (though also greater potential)
- high event risk
- High information cost
- Higher rate of failure.
- Higher risk
- Informational behaviour
- knowledge
- lack of debt financing
- lack of financing availability for SMEs
- lack of historical data on the company
- Lack of information (standard audited financial statements are not useful), lack of yield/upside available when lending.
- Lack of information full stop
- lack of investable structures
- lack of long term bank funding due to Basel III
- Lack of professional management teams
- Lack of transparency
- Lack of understanding the business
- late or no disclosure of financial statements
- less information on management
- limited investment size vs. fixed cost of in depth screening
- Lower ability to protect the intangible
- Lower investment limits of portfolios
- MAIN BARRIER: Banks' monopolization of credit source

- Market volatility, stories of unfair treatment of SME suppliers/creditors by large companies, the burden of regulation which takes up a large proportion of management for SMEs
- Mistrust of SMEs to Private debt7private Equity
- More restrictive credit policies by the banks due to Basel III regulations; too high collateral requirements; many banks don't lend below BB- which is a good rating for many SMEs
- Non-inclusion as ISA holdings for retail investors
- Not enough investable companies
- not listed/ privately held
- Over regulation and bad policy is inhibiting small and medium enterprises to thrive. Large enterprises are gaining at the expense of smaller firms
- Owner often not looking to share control of the company
- perceived lack of quality in small businesses and unrealistic valuations by business founders
- problems in acquiring the control
- Professionalism of Management
- QE/zero interest rate policy distorts pricing of risk
- Reduction in European vehicles that can invest in SMEs, like CLOs
- Regulation, e.g. need for ratings
- regulator constraints
- Regulatory
- Regulatory limitations to illiquid investments
- Risk appetite
- Risk Aversion
- risk/reward profiles, expectations pricing gap between shareholders and investors
- Size disadvantages, high reliance on a number of key aspects, including key customer contracts, key employees. Entrepreneurial strengths needs to outweigh possible lack of a strong corporate governance in company culture etc..
- Small cap discount
- The perception that SMEs are relatively fragile and therefore should be treated with caution when the economic cycle is down/ sideways.
- too much effort in identifying good SMEs
- too small
- Too small size
- transparency
- understanding the business and gaging its sustainability
- unfair competitive advantage of bigger companies
- visibility
- What do we mean by SME? Because that will determine the right response.

Other potential solutions that would be successful at attracting investor interested in SMEs:

- Encourage institutional investors to provide funds for SME investing (private equity,..) through tax bonuses, regulatory capital enhancements,... (AUSTRIA)
- I believe the potential solutions must leverage on some kind of state aid, one solution being in the form of guarantees covering part of the debts. This would facilitate the access to financing and would encourage growth. / Regarding direct investments the potential solutions are more difficult mainly because of lack of research and knowledge. In my opinion the only investors which qualify are the ones activating in the same field, otherwise it is very difficult to assess the value of such a company. (AUSTRIA)

- increase transparency, well-defined business strategy for the next 5 years, willingness to go public in certain period of time, promoting capital market products suitable for SMEs (AUSTRIA)
- 1) The economy should contain more innovative SME's. One way of stimulating that is through Government incentives for innovation. But also, more fundamentally, there should be more focus on creativity in our education system. / 2) Networks of SME's (Industrial districts) are stimulating economic development. Industrial districts could also serve as financial vehicle (ir. issue debt & capital for its members) with a volume sufficient to access large financial investors. / 3) SME's should leverage more on the internet to find attractive funding (The development of Crowd funding and campaigning on the internet for communicating their good reputation would benefit the SME's). / (BELGIUM)
- Help SME's to pass the SME level and become a larger corporate. This will enable the setup of an international company which will automatically draw the attention of investors. To achieve this entrepreneurs need 3 key aspects: / 1) Market demand / 2) A business model, tailored to market demand / 3) Ability to focus on the first two elements, mentioned here above. i.e. lesser amounts of time lost due to cumbersome administration and regulatory process which SME's find much more difficult to cope with than large corporates. (BELGIUM)
- measures to reduce the asymmetry of information (BELGIUM)
- Prove the interests and potential of SMEs in a market dominated by Big caps (investment-wise) (BELGIUM)
- Whether the investor is buying debt or equity, there should be sufficient liquidity hence the requirement for sufficient scale and market making mechanisms. If this can be achieved, then investors may be willing to step in, knowing they can sell easily, to cut losses or to realise gains. (BELGIUM)
- PE incentives to invest in SME incl. regulatory relief if/when applicable. (BULGARIA)
- Tax incentives, Access to cheap financing (BULGARIA)
- tax relief (BULGARIA)
- Solutions employed for the micro financing industry and recently in crowd funding. Investors have to have a standardized platform where a marketplace can develop. If there is standardized info with low cost of access and standardized terms and deal language then access to finance will improve (CYPRUS)
- The biggest obstacle is the cost of listing on regulated market with all the costs that regulation brings on. If these costs could be lowered it would be a great boost for SMEs to use capital markets. (CZECH REPUBLIC)
- transparency (CZECH REPUBLIC)
- Development of Exit market by reducing the threshold to listing, for example tax rate for dividends would depend on the company's market value (listing is needed to show market value higher than balance sheet value). Reduce capital adequacy and risk weighting for pension and insurance companies or banks to seek higher return in private equity. (FINLAND)
- For most of the institutions, there are only limited opportunities due to their size. A well-diversified private equity type of investment vehicle would be attractive solution (although that decreases the liquidity of the equity if large shareholder is buy-and-hold). For these kind of entities, regulators should offer some "carrots" to invest. Currently, for example Solvency II puts way too high capital requirements for equity investments. (FINLAND)
- Better Sell Side coverage (FRANCE)
- I think one the main restrictions towards more investments in SMEs comes from increased regulation, i.e., Basel III and Solvency II, which make equity investments too "expensive" in terms of capital charge. Furthermore, IFRS accounting constraints further hampers such investments for an insurance company. Hence, I think the main driver of further investments in SMEs will come from changes in the current regulatory environment. (FRANCE)
- Improve the economic and competitive landscape. (FRANCE)

- Publication by large companies of a list of SMEs they support as long term suppliers (FRANCE)
- As stated below, there is large interest in German SME companies from several investors. (GERMANY)
- Conferences and for information concerning SME's (GERMANY)
- Considering sidderent capital adequacy requirements for SME segment investments in different regulatory requirements. Treating SME focusing funds separately under e.g. AIFM directive > excluding them from some regulatory requirements. (GERMANY)
- Decrease cap req. for Banks. (GERMANY)
- developing a clear-cut and transparent general SME market standard on an international basis (GERMANY)
- Economic Certainty, innovative Products of the SMEs (GERMANY)
- Have accounting standard setters create more comparability and standardise GAAP for SMEs on a uniform level (GERMANY)
- I think it is difficult to attract more investor interest for a complete class of companies (SMEs) as a lot has been done already in this respect. In many cases, the public market does not seem to be the right vehicle. It is clear from the beginning that there will be no liquidity in these stocks. Hence, private equity and traditional bank financing is the better choice for SMEs. (GERMANY)
- Increased transparency. Public listing and/ or exchange funds structures publicly traded. (GERMANY)
- joint company efforts in certain areas, e.g. common, standardised purchasing platforms, joint utilisation of distribution networks etc. (GERMANY)
- more transparency (GERMANY)
- Providing guarantees for the SMEs when entering new business deals or when conquering new markets (GERMANY)
- Put the emphasis on technology and innovation by supporting/ funding research, provide incentives to post-graduates to stay/ return to their home countries, grant tax credits, subsidies, co-financing to technology companies (GERMANY)
- Quality Financial Statement, proper disclosure of related Party transactions, improved Corporate governance (GERMANY)
- Reduction of regulation and bureaucracy requirements for SME (GERMANY)
- Relief of capital rules for insurance companies (Solvency 3) which would enable them to invest in SME companies either via equity or debt instruments (GERMANY)
- transparency (GERMANY)
- Addressing liquidity gaps: Where/When SMEs are not bankable, a mature private equity industry must be active to fill the gap. (GREECE)
- improved institutional framework - quick bankruptcy resolution; creditor and investor rights in resolution process; (GREECE)
- Strong liquid secondary market place (IRELAND)
- 1) relief of issuing and listing requirements for SME bonds and commercial paper, making them equal to corporates and listed companies2) open funds investing in SME bonds and commercial paper (listed or not), guaranteed by banks or state agencies, covered by a sponsor like a regional association of entrepreneurs (ITALY)
- better regulation on venture capital (ITALY)
- Break the monopoly of the banking system over credit to SMEs (ITALY)
- I think that the move of taxation from income to wealth could be an efficient help in investing into SME whenever a Government should make it possible to deduct all investments detained in capital of risk (including equity and junior debt invested into SMEs) from the taxable base. Of course REITs should be treated separately. (ITALY)

- Incentives to diversify board representation (independent directors and representatives of minority investors) and to increase free float in family-held companies. Encourage investment vehicles investing in SME's (mutual funds or investment companies), especially if they have a sectorial focus and a long-term investment horizon (allowing them to engage management constructively and add value). Limit the tax deductibility of debt and tax breaks on capital raising. (ITALY)
- Reduce the general tax rates by decreasing the size of the State. (ITALY)
- Research coverage and transparency on transactions. Demand (investors) and offer (owners of companies) are often too far in the private equity market. The private equity market is often monopolized by public local accountants in trust of the entrepreneurs. We would need more research on the Discount for lack of liquidity within the European Market. Most of the research is essentially USA based on the restricted stock (144 SEC Rule) or IPO's. (ITALY)
- The creation of incentives for SMEs funds (ITALY)
- The problem of providing funds to SMEs is needs to be analysed both from the perspective of the investors and that of the SMEs. I have been working as management consultants mainly for Italian SMEs and I am quite sure that most of the difficulties depend on the lack of economic and financial information, business planning, budgeting, etc. Most of these companies are unprepared both from a cultural point of view and a skill point of view. They are reluctant to disclose their information and they don't know how to structure their analysis, In many cases, the entrepreneur is the only person actually involved in this matter and accounting activities are mainly devoted to comply with legal requirements. We need to strongly work on the company side if we really want to give SMEs alternative financial instruments other than traditional bank financing. (ITALY)
- More transparency (LITHUANIA)
- Improve investor education. Use of fund to get diversification of investments. Skilled salespeople shout outline the risk return trade-off and make the investor knowledgeable about all aspects an informed investor would like to know. (LUXEMBOURG)
- Intermarket funding facilities to improve the capital and labour movement (LUXEMBOURG)
- SME securitisation for RWA relief. SME Covered Bonds, SME Funds with an adequate stake and alignment of interest of the originating banks (LUXEMBOURG)
- Standardize valuation principle, track record of management team, lowering entry price, more focus on P/E vs. EV/EBITDA valuation, better access for SME to low cost debt, lowering the management fees of some PE funds (LUXEMBOURG)
- An independent and professional commission which can be a good authority for investors. (NETHERLANDS)
- Any sort of collateral under the SME loan, like covered bonds. Point is that usual the house-bank already has the right to most of the assets of the company. (NETHERLANDS)
- grass rout marketing of SME company investing (NETHERLANDS)
- Limiting red tape and administrative burdens, easier access to bank financing, fiscal incentives for SMEs (NETHERLANDS)
- providing money and tax relief for private equity and venture capital funds for SME. Lower tax (NETHERLANDS)
- Transparency and standardisation (NETHERLANDS)
- Better access to bank credit for investment loans, more individualized approach of banks. lower regulatory barriers which disadvantage SMEs in relation to larger companies (POLAND)
- better information less barriers in creating new businesses (POLAND)
- Better regulatory supervision related to disclosure requirements and quality of documentation disclosure. (POLAND)
- Implementing industry-driven disclosure standards (form and timing). (POLAND)
- In Poland, specialized public market for SMEs (NewConnect) is not helping - capital is easily available and SMEs have no motivation to think about corporate governance. It would be better

both for investors and for the whole economy if this market was closed down and companies used PE capital. (POLAND)

- Removal of government-sanctioned monopolies. Reduction of payroll and other taxes. Labour market reform. General deregulation (regulation and bureaucracy favours large enterprises that can afford compliance departments). Redefining European cohesion funds so that very large projects are not favoured the way they are today. (POLAND)
- Systematically coverage (POLAND)
- Specialized investment funds investing in SMEs; and Specific listing rules that would allow such entities go public and attract capital in the market (ROMANIA)
- Improve management by improving access to skills and information. Improve access to funding (ROMANIA)
- improved antitrust legislation, more transparency and fair treatment in businesses with public authorities (ROMANIA)
- In my experience, the problem is twofold. On the one hand, SME managers are not "mature" enough to be in bed with PE, but on the other hand, PEs are too large of an animal to be able to invest small enough amounts into SME transactions. (ROMANIA)
- Required public disclosure of financial statements (balance sheet as well as income statement) of SMEs for benchmarking purposes (example of Slovenia and AJPES free-access web portal). (SLOVENIA)
- Implementation of international platforms that promote collaboration between SMEs from different countries. (SPAIN)
- A low-tax treatment of capital gains for both SME entrepreneurs and private equity investors. A competitive corporate taxation when compared with large corporates (SPAIN)
- Basically must come from two main fields. liquid markets and access to information to study the companies and/or further coverage of analysts. (SPAIN)
- Create a special rating agency for SME´s and provide a long track record about past payments. (SPAIN)
- Creation of specialised investment vehicles in SME´s. That consider size and liquidity, Therefore should vehicles similar to the private equity funds in which liquidity is given back to investors as disinvestments occur. Also could be closed end vehicles. (SPAIN)
- Developing a liquid secondary market (SPAIN)
- Establish a staple financing package to underwrite to and to facilitate documentation and reduce legal fees. (SPAIN)
- Higher profile for suppliers of smaller scale venture capital and private equity, at present badly neglected compared to large buyout. (UNITED KINGDOM)
- Improve returns. Higher yields available in lending and/or other upsides such as warrants (i.e. SME borrowers need to be willing to give more away to attract capital) to compensate for much higher risk enterprise of small company investing. Improve (UNITED KINGDOM)
- 1. Equity investors need to have comfort that there is a lending capacity in the market so that other funding sources can be accessed. 2. Equally, banks want to see active / engaged equity investors ready to back the right growth strategy. If banks can provide comfort of their lending requirements for companies in advance, equity investors will be more keen to invest as risk premia fall. / Equity will trade closer to long-run PE (or implied PE for privately-held companies) for the sector, and lead to general confidence and a willingness to take opportunities. Growth becomes both logical and achievable. (UNITED KINGDOM)
- 1. Regulatory flexibility to buy SME risk/ABS in rated and non-rated format without massive burden capital consumption (especially for regulated investors such as insurers, pension funds, and banks) / 2. Include ABS senior tranches investments in the banks liquidity ratios / 3. Accept ABS senior tranches for repo with ECB with haircuts similar to those of covered bonds (UNITED KINGDOM)

- A rating agency that agrees to regularly rate the debt of SMEs. (UNITED KINGDOM)
- Ability to defer PAYE, VAT, Corporate Tax payments for first 3-5 years of a start-ups live. Ability to defer these taxes in cases of stress. (UNITED KINGDOM)
- Allow investment in this area to be free of inheritance tax: after [say] 2 years- like AIM at present (UNITED KINGDOM)
- As an industry insider i can attest that most importantly SME's are suffering from "easy money" . Here is the logical chain, low interest rates make speculation, margin trading, investing in commodities much more attractive than looking for promising growth equity SME deal. Most investors are sick with commodity and real estate investing fad, who cares about SME's nowadays'. Government interference is going to give jobs to more government officials rather than to change situation in any good way! The only thing is expected from the government is to turn fiat money into real by bringing in base, and increasing interest rates so that investors would start to worry not how about to how fend of inflation but rather about capital gains in SME investing. (UNITED KINGDOM)
- As an SME private equity fund managers we have invested in over 250 SMEs, i.e. investment size ranging from USD0.5m to USD10m, and have successful sold over 150 of them in the past 20 years. So SME investing can make money on a risk-adjusted basis, but some changes has to be made from a typical PE fund structures such as longer holding period. (UNITED KINGDOM)
- Creating "pooled" investments into several SMEs at the same time to get a better risk diversification for investors (UNITED KINGDOM)
- Crowdsourcing platforms - like kickstarter for creative projects. (UNITED KINGDOM)
- Cutting red tape. / Exempting them from all "equality"-driven regulations and disapplying any such tests for SMEs applying for public sector contracts. (UNITED KINGDOM)
- Don't know. (UNITED KINGDOM)
- Emphasis the domestic focus of such enterprises and that they are less subject to increasing protectionist measures as we continue in this era of low global growth. (UNITED KINGDOM)
- EU and State aid helping to pay Credit Rating Agencies for research on SMEs. Lack of inf and transparency on the finances of SMEs is biggest barrier and SMEs don't have the finances to pay cost of an S&P, Fitch or Moody's report. Regulatory rules being amended to encourage SME lending (UNITED KINGDOM)
- Funding support for early stage investors by banks. Greater role played by industry associations, charterships, chambers. Standardising funding processes for non-tech early stage SME's. Further government support in obtaining patent, trademark and copyrights for SME's. (UNITED KINGDOM)
- Give bigger tax breaks to investors where they co-invest with founders. Start-ups/ SMEs without founder interest fail. (UNITED KINGDOM)
- Greater articulation of both the financial and social returns that investment in SMEs provide. (UNITED KINGDOM)
- I suppose that when you look at SMEs there is a tendency to look at publicly listed companies only I think the scope should be all SMEs and make a distinction between the SE and MEs. <Make sure the definition is apt ie ist by employees or turnover or both. (UNITED KINGDOM)
- Improved access to debt financing/ alternative sources other than banks (UNITED KINGDOM)
- Improved overall attention to corporate governance standards. For example, there is a wide range of AIM listed company board approaches to the Code, some citing Good Practice aims but then omitting various items or pursuing negative practices. (UNITED KINGDOM)
- Improving economy (UNITED KINGDOM)
- In the long run, investment is driven by investment adviser revenue, and since I cannot see how to increase revenue for investment advisers for investing in SMEs, I don't think it will become popular among the general public. (UNITED KINGDOM)

- Increased interaction between management and Investors; more capable management; greater transparency and disclosure (UNITED KINGDOM)
- Liquid SME CLO securitization markets (UNITED KINGDOM)
- longer term track record from management team proving model and management can deliver through a cycle. (UNITED KINGDOM)
- Loosen current rules to allow certain vehicles (such as CLOs) that have historically invested in the SME space via syndicates to launch additional such vehicles to provide funding here (UNITED KINGDOM)
- More and better quality IPOs (UNITED KINGDOM)
- More efficient peer-to-peer lending and less legislation and cheaper costs regarding start-ups (UNITED KINGDOM)
- more transparent disclosure from SME (UNITED KINGDOM)
- Publication from asset gatekeepers on the return prospects for investing in SMEs, complemented by an assessment of the applicability of global vs regional investing to access SMEs. Asset managers offering access to vehicles which invest in the SME sector at a reasonable cost which allow the greater majority of return generated to be passed through to the end investor. (UNITED KINGDOM)
- Research paid for by stakeholders other than the company (research paid for by the company typically has zero credibility). Also, any vehicles that would connect SMEs with the right investors - often, SMEs just work with he brokerage organizations of the main investment bank(s) they're using and they pitch the company to their standard investor contacts, but the latter often have a job spec that is not about finding gems among SMEs, but instead have to keep an eye on numerous companies and sectors and just never get around to looking at SMEs. (UNITED KINGDOM)
- secured high return (UNITED KINGDOM)
- SME are most of the time family owned and getting them to understand the benefits of having external party funding is important. Encouraging to go the extra mile to apply corporate governance rules and a professionalization of internal operations are important if they want to attract external investors (UNITED KINGDOM)
- Specialized retail funds that invest in SME (UNITED KINGDOM)
- Standardised Due Diligence Questionnaires and a SME bond market in Europe that only SMEs with a certain corporate governance standards have access to with standardised legal documents and covenants. (UNITED KINGDOM)
- Tax breaks to investment banks focused in SME investment banking (UNITED KINGDOM)
- tax incentives to alleviate liquidity and scale issues, government should establish centers of technology/excellence to give SMEs more direct access to SMEs to know how (UNITED KINGDOM)
- Tax relief for companies in order to invest in SME's. (UNITED KINGDOM)
- Tax relief. (UNITED KINGDOM)
- The ability to put AIm shares in an ISA. (UNITED KINGDOM)

In your opinion, what steps will ensure a sustainable healthy EU SME economy?

- As mentioned above - a sort of State & EU programme for SMEs encouraging entrepreneurship on the one hand and access to loans on the other. (AUSTRIA)
- Reduced red tape, tax advantages (AUSTRIA)
- SME have to be freed from bureaucracy and strict labour laws - then entrepreneurship can prevail! (AUSTRIA)

- develop IPOs market and access to cheaper debt with standardized covenants. providing support for liquidity and credit enhancers. (BELGIUM)
- EU should promote access to capital for SME's. This could be achieved by promoting: Smaller banks that are closer to their business. Lower interest rates on retail bank loans. More active role of industrial districts. (BELGIUM)
- First of all sufficient function access through the traditional banking system, which is and remains the primary source of external funding for SME's. Currently, banks have become even more stringent on providing (uncolleaerlaised) funding, which has it's impact on existing SME's (growth and survival) and reduces the number of stat-ups. (BELGIUM)
- Less tax burden on human resources cost (BELGIUM)
- Simplify administration and the regulatory environment. Entrepreneurs think long term, and also expect politicians to do so. Unfortunately, we see to many examples of short term bubbles, created by politicians. e.g. solar panel industry, ... Why is it so hard, even on a European level to set a long term policy on energy, healthcare, taxation, notional deduction etc..? Economic uncertainty is part of the entrepreneurial risk entrepreneurs are taking. However, recently I seem to gain the impression regulatory uncertainty is taking an even more predominant place on the radarscreen of entrepreneurs. Credibility can only be gained through firm, long term policy! Streamline social requirements. e.g. having an employee taking a subsidized 6 months sabatical is no problem in a 30FTE bank department but could be problematic in an SME counting 10 FTEs. By giving up some social privileges which were gained over the past decade, we would inject new oxygen in our economy and our SME's. (BELGIUM)
- SMEs are more vulnerable but also more innovative, therefore benefit from more flexibility in economy and open markets. Flexible labour market. Lower taxation by reduced government role will open up markets to more SMEs. (BELGIUM)
- Administrative reform, cut administrative burden, Tax incentive, Access to cheap financing (BULGARIA)
- Common tax laws; A full transition of SMEs in different countries to a common accounting standards. (BULGARIA)
- Increased transparency. Educating entrepreneurship. more favorable regulations increasing incentives for SME lending. (BULGARIA)
- Local government programmes for stimulating SME-s. (BULGARIA)
- tax relief (BULGARIA)
- level field, no distortion due to some European funds and grants (CZECH REPUBLIC)
- We must not forget that the success of SME is often depending on the expertise of the founder so ownership dilution is not something that we should widely encourage. I am of the opinion that the biggest burden is the administrative one imposed by EU and states on all levels of economy also excessive regulation is to be blamed. I do think that SME market would be inherently riskier per company but some fund vehicles might be a solution where risk is diversified (private fund not sovereign one). (CZECH REPUBLIC)
- Entrepreneur-friendly policy with attractive tax regime combined with large institutions (non-banks) willingness to provide long term funding (both equity and lending) to the companies. (FINLAND)
- Reduced bureaucratic red tape and tax breaks (FINLAND)
- That the EU would not increase regulation all the time! EU tries to do good, but does it usually wrong way by increasing regulation and limiting creativity. (FINLAND)
- Changes in the regulation about required ratings from agencies (especially under Solvency; Credit facilities; Public initiatives in order to make employers and higher educated people meet. (FRANCE)
- Alternative ways of financing could help sustainable SME economy in the European Union. (FRANCE)

- Further help to increase job flexibility markets and help bank financing (FRANCE)
- More widespread use of capital participation of the whole staff (eg. Stock options) (FRANCE)
- Remove regulations hindering the growth of SMEs : threshold effects, fiscal complexity, dividend or capital gain taxes, access to capital (equity and debt), falsely protective measures. Promote entrepreneurship. Etc. (FRANCE)
- tax relief schemes for investors in SMEs. A more advantageous tax system for SME who are disadvantaged vs. ig firms in that regards. (FRANCE)
- Better performance, attractive dividends, higher liquidity. Attractive bonds with acceptable liquidity (GERMANY)
- Bureaucracy Reduction coupled wit tax incentives (GERMANY)
- Deregulation and strengthening of service sector, labor market flexibility, removal of barriers to women working (incentive killing tax and benefit regimes and shortage of creches), dual training model as applied in Germany (GERMANY)
- Healthy financing environment especially for growth funding. (GERMANY)
- I have a comment about this survey: This survey can hardly be of any use. E.g. what market and industries are you guys referring to? (Questions 1 & 2 do not say anything, only later this seems to refer to the EU). Does the type of SME you have in mind have some sort of tradable securities (something I seem to understand from the "larger tick-size question")? I do look forward to hearing about how this survey is going to be used. Thanks (GERMANY)
- I only want to comment on the German part. Here SME companies have no real problem for funding their businesses (except for companies in distress or below EUR 10 Mio. sales). There are already several funds and institutions trying to push their funds into SME, but the demand is still low for acceptable risks (no distress companies). (GERMANY)
- I think at least for the German market, the SME economy is overall very healthy. The main reason for this is that SMEs in Germany have been the motor of the labor market and the economy in general for a very long time. Many SMEs are operating successful in market niches worldwide and have an excellent reputation. Hence, steps - if any are necessary - can only work on a company level to make a specific company better in every respect. In this context, it is important to retain a sufficient capitalization to reduce dependency on bank and other financing parties and to increase a company's operating flexibility. Also I have seen a few examples where there is not enough financing knowledge within SMEs as the financing markets have changes dramatically during the past few years. (GERMANY)
- Lean regulation and low bureaucratic requirements, stable and sustainable business-friendly politics, reduction of political impact on economy to a minimum, adjustment of social standards/requirements so that SME can act freely and decide just on economic / market factors (GERMANY)
- less bureaucracy, less administrative burdens, better and clearer legal environment (GERMANY)
- Less bureaucratic regulations (GERMANY)
- More & stricter Reporting requirements (GERMANY)
- more transparency (GERMANY)
- most important active trading and dedicated market makers, financial reporting requirements need some streamlining; salient information must be understood by an international investor (GERMANY)
- Reduced Regulation requirements (GERMANY)
- Reducing of red-tape, limiting influence of EU bodies in general (GERMANY)
- Simplify (not relax) rules & regulations (GERMANY)
- Somehow rebalance from services to technology, promote engineering, science, alternative energy (GERMANY)
- stable long-term markets & currency (GERMANY)

- Steps that ensure availability of a decent infrastructure, potentially in special SME business areas, and incentivize utilization of joint and standardized tools which are then widely spread. (GERMANY)
- Support Private Equity industry (GERMANY)
- This will help for a sustainable economy in the EU. SME is the sector which normally creates most of the jobs which are badly needed in the EU. (GERMANY)
- 1) institutional reforms; 2) quick resolution process for insolvent and bankrupt companies; 3) investors protection rights; 4) zero tolerance toward public sector corruption with criminal charges (GREECE)
- More microfinance institutions, More integrated private equity sector across Europe, Significant tax reliefs for SMEs / Uniform, comprehensive but relevant and cost-effective framework/rules for financial disclosure of SME across Europe (GREECE)
- Reduced funding cost and easing access criteria to European funding programms. (GREECE)
- Support packages directed by supranational banks, such as EIB, must be available for SME enterprises which face liquidity problems due to sovereign debt crisis. (GREECE)
- Most SMEs in my region are highly dependent on bank financing. At present, only the SMEs who don't actually require financing are being offered funds due to the problems in banks. Mending the banks remains the most important step as senior secured lending is the lifeblood of the SME sector in my opinion. (IRELAND)
- Strong liquidity and clear reporting (IRELAND)
- Tax reduction, European coordinated policy on SMEs, Encourage credit and financing SMEs (ITALY)
- A set of actions including: a strong regulation to avoid mispayment of trade receivables (with the objective to reduce the days of sales outstanding down to 30 days max (in Italy is currently in average 120 days). Move the taxation from income to wealth (the more you work the less you pay), enhance a regulation to allow a fast recording and protection of intellectual property and intangible originated by SMEs / - to invest in education to create management able to work in complex and internationalized markets: from University to work, from work to University and back to work. It would be nice to make it possible for companies to fully deduct costs - including wages - for 3rd level education (executive masters) paid for managers. In this economic context unemployment would have been much lower and companies would have been better positioned to catch new opportunities thanks to this investment (...not to say probably the social cost would have been even lower) / - Governments to pay their suppliers in 30 days (ITALY)
- ad hoc regulation(taxation, labor...), gov funds to attract/spur SME (ITALY)
- As a private equity investor focusing on SME's, I feel that most of the problems in SME's are unfortunately the fault of the SME's themselves (which in Europe are predominantly family companies with a relatively long history behind them, venture-backed companies being the exception rather than the rule). / / A large share of family-controlled companies base their strategy on maintaining majority control within the company, rather than trying to generate value and grow. In this sense, it is crucial to reduce the "control premium", that is, the value extracted from the company by virtue of owning the majority of the capital. Encouraging an expansion of free float and in board representation go in this direction, although probably something more radical is needed (e.g. impose that listed companies have EGM qualified majority significantly larger than the stake controlled by the founding family). / Specialized investment vehicles would probably help, too. They have been very successful in lots of places (e.g. in Great Britain and Israel, for example), although admittedly they limited their actions mainly to non-listed companies. / Certainly reducing the disclosures and listing requirements would not help. Actually this would encourage their sometimes cavalier attitude towards shareholders right, which in the long term has limited the interest of the market in this segment of the stock market. (ITALY)

- creating a market for SME Bonds. this is a medium term objective (5-10 years). In the meantime, reducing the capital adequacy and risk weighting burden for SMEs so that banks continue to provide them some credit [or give them credit again, considering that they do not provide it any more, in Italy at least] (ITALY)
- Labour market reforms (ITALY)
- Liberalize the deposits from the public up to 5 million euro (create a safe harbour free of banking/financial authorizations) (ITALY)
- lower information barrier on SME financial metrics (more info available to investors) (ITALY)
- Obliging banks to make proper business and credit analyses and to focus on lending rather than securities trading or distribution of financial products (ITALY)
- Question too complex. Just to mention some examples: 1. fiscal policy may be an effective tool. 2. Local centres of business development and acceleration. 3. Private equity investors willing to acquire minority stakes and not only majority (entrepreneurs like doing equity raising for development, while retaining ownership of the company). 4. Development of a sort of on-line stock exchange for buying and selling shares of private equity companies, where you can also track historical multiples of similar transactions (this would give more liquidity to private equity investments). (ITALY)
- Reduce the general tax rates by decreasing the size of the State. (ITALY)
- The creation of a "network" of investors in SMEs (ITALY)
- Less paperwork burden. (LATVIA)
- 1. Better financing 2. Tax reliefs (LITHUANIA)
- All kind of EU support just distorts the market and promotes inefficient companies, which die when support is gone - remember Greece. Support shall be reconsidered or made infrastructural, so it more supports infrastructure where companies are operating. (LITHUANIA)
- A more developed private equity and venture capital markets, larger lending from banks in conjunction with a more active "shadow banking" sector (e.g.: more mezzanine funds targeting SMEs). All of these could be incentivized by a more favorable tax regime and by an harmonization of the legal and accounting regimes across the EU countries. More work should also be done in understanding the effective risk of private equity. Current weighting eats up a big portion of the risk budget of insurance companies and banks, limiting the investments in this sector. (LUXEMBOURG)
- A strong focus on SMEs among the investor base. higher acceptance of investors for maturity pass trough structures (LUXEMBOURG)
- EIB funding. Channel excess deposits of cash rich banks to SMEs as loans. Create initiatives to foster innovation and competition. (LUXEMBOURG)
- Favorable tax regime, specialized fund vehicles (LUXEMBOURG)
- Local support in terms of transfer knowledge. (LUXEMBOURG)
- stable tax environment, special access to low cost financing, decrease of social charges or state to lengthen delay of payment (LUXEMBOURG)
- A stable legal and tax environment in which individuals are encouraged to start a new business, applying for instance long term tax benefits. (NETHERLANDS)
- Administrative, legal and fiscal reform and unification of legal and fiscal rules at the European level (NETHERLANDS)
- fostering easy market entry; example behaviour of government investment funds (pensions; state owned financials) and marketing of SME company investing + tax breaks for investors for funding SME companies (NETHERLANDS)
- Healthy banks, banks are withdrawing money currently from SME economy. You never know if a SME, or business partners, have possible problems because of this (NETHERLANDS)
- lower tax for SME (NETHERLANDS)
- Protection and development of laws that protect small business owners. (NETHERLANDS)

- A total paradigm shift is needed. The government should stop trying to solve problems. Rather, governments should focus on not creating problems for SMEs. Overregulation and over taxation (especially payroll taxes) are two factors that large companies deal with much better than small and medium ones. Large enterprises are able to offshore, set up tax optimization structures, create compliance departments at small unit costs (economies of scale). (POLAND)
- Enhanced access to long term bank financing, lower regulatory barriers, access to inexpensive legal, tax and accounting advisory services (POLAND)
- Less regulation, lower taxes, high standards of corporate governance and reporting... (POLAND)
- Less regulation, lower taxes, loans at preferential rates (POLAND)
- less regulations, stable legal environment, more flexible labour law, (POLAND)
- Simple and understandable procedures for R&D support as well as clear procedures for awarding subventions and grants. (POLAND)
- Stress entrepreneurship, focus on demographical development and thus young businessmen (POLAND)
- there are no but: less political help   less barriers   more economic freedom   could help (POLAND)
- There should be less bureaucratic barriers. Instead, there should be greater support for self-regulatory organizations. (POLAND)
- a sustained focus on competitiveness, macro stabilization of the EU zone / higher liquidity in the financial sector (ROMANIA)
- Attempting to implement the German Mittelstandt model. (ROMANIA)
- favorable macroeconomic context, adequate legislation and governmental support (ROMANIA)
- In my opinion, all businesses should be treated equally in the European Union. Granting some advantages to SME, is, in my opinion, not a sustainable measure. (ROMANIA)
- Large business is killing SMEs, so perhaps different tax treatments (e.g. differentiated tax rates) (ROMANIA)
- Increased availability of debt and equity funding (SLOVAKIA (SLOVAK REPUBLIC))
- Keeping power of large monopolies at bay, Required public disclosure of financial statements (balance sheet as well as income statement) of SMEs for benchmarking purposes (example of Slovenia and AJPES free-access web portal), Removing paperwork b (SLOVENIA)
- 1. simplified regulation, less red tape 2. tax incentives (SLOVENIA)
- Credit access to SME, Standardized information for investors, Reduced taxes for successful investments (SPAIN)
- Regulatory actions that improve competition within specific sectors (i.e. energy). Reducing or providing solutions to SMEs to go through the existing entry barriers in some sectors. Promoting internationalization, collaboration of SMEs. (SPAIN)
- A favourable and stable legal environment with low and easy to achieve legal requirements to set-up and develop enterprises. Reduce the legal, tax, labour accounting burdens on SMEs. Increase the number of trade-fairs and essay to access commercial research to promote cross-border sales and exports / imports (SPAIN)
- A stable economic environment is the most important point, yet support and providing liquidity by specialized bodies will gave definitely a positive effect. (SPAIN)
- Alternative financing to banking finance through equity and bonds. (SPAIN)
- Open funding again, if credit does not come through traditional sources it is necessary to adopt new ones... need to make easy to investors with the ability and willingness to take risks to do it and governments should support this "private funding", not to stop it with unnecessary regulation and igh taxes.... (SPAIN)
- Reducing the cost of doing business. Small businesses cannot afford compliance or legal infrastructures and are at a disadvantage when regulation costs are high. (SPAIN)

- The removal of the barriers that protect large companies from competition and a dramatic simplification of the reporting obligations to the Government. (SPAIN)
- A significantly more flexible labour market, A much lower regulatory burden on SMEs (tax, labour code, health and safety, environmental, statistical disclosures), A closer cooperation by government with SMEs in vocational training and access to tec (UNITED KINGDOM)
- Deeper instructional investor/lender market and less reliance on bank lending. Bank involvement has historically mispriced capital meaning most SME are accustomed to cheap access to bank lending and not willing to pay a "market" rate for capital. As su (UNITED KINGDOM)
- Tax relief, access to capital (UNITED KINGDOM)
- 1) Mentorship programmes 2) greater access to finance (UNITED KINGDOM)
- 1. Governments & regulators should stop threatening yet more rounds of 'Governance' reviews. 2. A new pan-european regulator will be yet an other round of needless costs and introduce more uncertainty over future regulation as it will be harder to work out which special interest group is having the most success at influencing the regulator. (UNITED KINGDOM)
- 1. Supply-side reform such as reduced administrative burden and further labour market deregulation, consistent with the changes made in Germany. 2. A logical and consistent tax regime that encourages entrepreneurship and investment in entrepreneurs. 3. Bank commercial relationship staff to fulfill their main (non-commercial) social function by spending (say) 2% of their time working with either charities or small business in the local community. Work to be on commercial skills, finance knowledge, sales & negotiation skills, etc. essentially, "how to become 'bank-able'." 2% of time equates to 4.5 days per annum. Allow banks latitude to reduce this by 50% but arrange other professional training and advice on a like-for-like value. (UNITED KINGDOM)
- A better exchange of business ideas between existing SMEs and universities, business schools etc. (UNITED KINGDOM)
- A change in culture within the European Central Bank and other EU Institutions to support in meaningful ways SMEs. (UNITED KINGDOM)
- a healthy economy (UNITED KINGDOM)
- A strong European Union. (UNITED KINGDOM)
- Access to sufficient working capital finance. (UNITED KINGDOM)
- Allow the middle class to hand down more money to the next generation of entrepreneurs: suspend inheritance tax for a start allowing more money to channeled into investment in these companies (UNITED KINGDOM)
- Also Tax differentiation on capital gains in SME and large caps should favor SME's! (UNITED KINGDOM)
- Although it would boost their creditworthiness and make them look more attractive in the short term, SME's may not have a long-term benefit in receiving too much of EU funding, one drag being the political risk entailed and potential conditions to meet to receive this funding which might counterbalance some positives of investing in SME's. As such, to remain healthy and sustainable, the SME's should not get to a position where they are too heavily depending on EU funding. (UNITED KINGDOM)
- Apart from filling the funding gap, reducing unnecessary regulation and bureaucracy would be most helpful to ensuring a healthy SME market. (UNITED KINGDOM)
- Creation of a TRUSTED and genuinely SKILLED early stage venture capital sector. There needs to be a level playing field between Angel Investors and Institutions . The current situation is toxic and not conducive to growth. There needs to be a new approach based on trust and fairness. Venture capital reputation for duplicity leads to massive distrust and the same with regards banks but with layers of added bureaucracy (UNITED KINGDOM)
- Cutting red tap / Eliminating employee taxes when businesses below a certain level / Ability to defer tax payments when in stress (UNITED KINGDOM)

- deregulation and promotion of investment (tax incentives etc) (UNITED KINGDOM)
- fiscal incentive for investing, and economic policy that generates growth. (UNITED KINGDOM)
- Funding is a big issue for start-ups; often, they can't attract enough money or the lenders take a very short-term view and force the company to sacrifice the long-term for the short-term. I'm not sure about the ideal solution to this problem, but dedicated SME funds in some shape or form would help. Bureaucracy is also a big issue for young companies, reducing red tape for SMEs while they're still very small would help. (UNITED KINGDOM)
- Government privatization of service industry. Divestitures from large corporations. Initiatives to encourage sustainable joint ventures between SME companies. Entrepreneurship training in universities for graduates. More emphasis on vocational programs in schools and colleges. (UNITED KINGDOM)
- Halving the bureaucracy in the EU and then halving that in Brussels again, and cutting the pay of the remainder to parity (including the value of pensions schemes) with the private sector. Limiting their power and responsibilities to defense, diplomacy and supervising the health education and justice systems and getting out of micro-managing the economy, (UNITED KINGDOM)
- Healthy levels of bank lending with overall positive GDP growth (UNITED KINGDOM)
- Homogenous legislation and tax systems (UNITED KINGDOM)
- incentivize entrepreneurs, improved coverage and investable structure to invest in SME's. (UNITED KINGDOM)
- Incentivizing entrepreneurs rather than career bureaucrats. Europe rewards conservative, risk averse administrators very well - this is a disincentive to SMEs and is one of the prime reasons Europe sees so little development in this area. (UNITED KINGDOM)
- Include comprehensive education on SME finance in finance text books (UNITED KINGDOM)
- Increasing competition in the Global marketplace by limiting size and thus bargaining position of large companies, if this is carried out in the EU alone it can have detrimental impact, it needs to be a globally concerted action. /The German Mittelstand is a good example (UNITED KINGDOM)
- Incubators are for start ups and I think something similar for SME would facilitate both investors' and SME business owners education to understand the realities of having external shareholders and funding (UNITED KINGDOM)
- Less European Union interference. SME businesses are not large enough to have to Wade through EU directives (UNITED KINGDOM)
- less politics and tax (UNITED KINGDOM)
- Less red tape and costly (for SMEs) bureaucratic procedures, rules and regulations but also reciprocity and greater transparency on the part of SMEs. (UNITED KINGDOM)
- Letting the private sector, banks financing the SME economy by giving them liquidity and capital, liquidity, by allowing regulated investors to buy rated or non-rated senior SME tranches without enormous capital charge and by providing temporary liquidity increasing ECB repo facilities for such asset class(either in loan, or tranche format, rated or not) / 2/ capital, by having national regulators / international regulators (such as EBA) supporting banks to execute clean risk transfer transaction (such as the transactions done by EIF) to reduce the high capital charges associated with SME lending (UNITED KINGDOM)
- Long-term oriented institutional investors should broaden their asset allocation and become active investors in the SME space, these investors need to pick up more yield and also poses the capacity (expertise, research skills, liabilities risk profile) to invest in it. / Besides utilising debt and equity capacity, SMEs should explore innovative financing alternatives, for example using more mezzanine debt (I've done some research on this subject, please feel free to reach out if you'd like to discuss this in more detail). (UNITED KINGDOM)
- Lower barriers to set up business. So keep VAT registration limit high. Corporation tax breaks for start-up new businesses. (UNITED KINGDOM)
- more access to debt financing (UNITED KINGDOM)

- More economic certainty; better disclosure and transparency; good quality management (UNITED KINGDOM)
- Needs attitudinal change from more than just investors, also entrepreneurs, governments as regards reducing red tape, commercial buyers becoming more willing to entertain innovative solutions from smaller suppliers, etc. etc. (UNITED KINGDOM)
- Promotion of direct B2B lending platforms with some form of government support to bypass banks (UNITED KINGDOM)
- Promotion of the SME sector within educational institutions, from primary school level upwards. (UNITED KINGDOM)
- Reduce the B/S. Get government out of the way. Huge tax breaks for entrepreneurs. Societal respect for engineers. Stop funding academics to set up businesses. Investors should be realistic and stop backing idiots. Government can relax rules on procurement from SMEs. Politicians should show some respect. (UNITED KINGDOM)
- Regulator understanding. Help SMEs compete where larger players dominate - large players have a tendency to try and push out small players. Need to approach each type differently ie MEs are not the same as SEs; the fact that this survey combines SMEs into the same bucket highlights lack of insight by the EU and also lack of insight by CFA Institute - one would have hoped for a more intelligent approach. Help private SMEs as well as listed SMEs (UNITED KINGDOM)
- SME Capital (loans and equity), mentoring and tax breaks (UNITED KINGDOM)
- Systematic preference given to SMEs in taxes and various reporting requirements (ie subsidized reporting). (UNITED KINGDOM)
- Tax breaks for entrepreneurs. Reduced bureaucracy. (UNITED KINGDOM)
- that has institutional capital being made available as "risk capital" and not debt. (UNITED KINGDOM)
- The EU needs an integrated and coherent system that gives incentives to capital markets to invest in SMEs and to aid to liquidity by allowing the securitization of SME securities. (UNITED KINGDOM)
- The only EU law / system that functions pretty well is the anti-monopoly, pro-competition rulings. Prevent the big companies (even the American ones) from bullying the SMEs is the only way to effectively promote their activity. (UNITED KINGDOM)
- The principle of proportionality should be applied not just stated, relieving SME of some burdens. (UNITED KINGDOM)
- there are far too many zombies across UK/EU. business failure will breed success. without it the market does not function. losses have to be taken on bad legacy SMEs business and bad companies allowed to fail to revitalizes the sector and make it sustainable. short term pain for long term gain. (UNITED KINGDOM)
- Transparency and standardization of financial reports from SMEs. The less obscure and unknown the financial health of SMEs are the better for all (UNITED KINGDOM)
- Transparency, ease of obtain understandable information, low cost in getting a good picture, and ease of trading on their stocks. (UNITED KINGDOM)
- When and if the EU stabilizes its constituent economies it will create a stable environment for SMEs to grow. An unstable economic environment currently pervades many of the countries in the EU and until this is fixed SMEs will have great difficulty in achieving sustainable growth. (UNITED KINGDOM)

Respondent breakdown by Country

Country	Count	Proportion
UNITED KINGDOM	131	29%
GERMANY	74	16%
ITALY	30	7%
SPAIN	26	6%
NETHERLANDS	21	5%
AUSTRIA	20	4%
POLAND	19	4%
FRANCE	18	4%
LUXEMBOURG	14	3%
ROMANIA	14	3%
BULGARIA	13	3%
BELGIUM	11	2%
IRELAND	10	2%
GREECE	9	2%
FINLAND	7	2%
SLOVENIA	7	2%
CZECH REPUBLIC	6	1%
CYPRUS	5	1%
LATVIA	5	1%
DENMARK	4	1%
PORTUGAL	4	1%
LITHUANIA	3	1%
HUNGARY	2	0%
ESTONIA	1	0%
SLOVAKIA (SLOVAK REPUBLIC)	1	0%
SWEDEN	1	0%

Survey Questionnaire

1. **What barriers, if any, currently exist that impact investor interest in Small and Medium Enterprises (SMEs)?**
   Select all that apply
   RANDOMIZE
   - Economic uncertainty
   - Different accounting standards and quality of financial statement disclosures compared to large companies
   - Different listing standards compared to main-market companies
   - Lack of research coverage
   - Lack of liquidity
   - Other barrier(s): [text box]
   - None; I do not think there are currently any barriers
   - Not sure

2. **How successful, if at all, do you think the following initiatives have been at gaining investment in SMEs?**
   Scale: Not at all successful 1, 2, 3, 4, Very successful 5, Don't know
   RANDOMIZE
   - Proportionate listing and disclosure requirements
   - Specialized SME markets
   - Specialized funding vehicles
   - Paid-for sell-side research

3. **How successful, if at all, do you think the following potential solutions would be at attracting investor interest in SMEs:**
   Scale: Not at all successful 1, 2, 3, 4, Very successful 5, Don't know
   RANDOMIZE
   - Providing further investment driven tax relief for SMEs
   - Furthering State and EU aid programmes for SMEs
   - Reducing the capital adequacy and risk weighting burden for SMEs
   - Creation of European social entrepreneurship funds for SMEs
   - Providing business/investor group mentoring schemes
   - Larger tick sizes for secondary market trading of SMEs compared to large companies

   Please list any other potential solutions you think would be successful at attracting investor interested in SMEs below:

   [text box]

4. **In your opinion, what steps will ensure a healthy, sustainable SME economy in the European Union?**
   [open end text box]