19 June 2025
ESMA12-1406959660-2936

Consultation Paper

Methodology for the calculation of market capitalisation

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

1. respond to the question stated;
2. indicate the specific question to which the comment relates;
3. contain a clear rationale; and
4. describe any alternatives ESMA should consider.

ESMA will consider all comments received by **25 July 2025.**

All contributions should be submitted online under the relevant consultation.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading 'Legal Notice and Data protection'.

Who should read this paper?

This paper is intended for stakeholders affected by Directive (EU) 2025/50 on the faster and safer relief of excess withholding taxes. It is particularly relevant for entities seeking to understand or assess eligibility criteria linked to market capitalisation thresholds, as well as certified financial intermediaries as defined in Chapter III of the Directive. The paper is also of interest to trading venues, investment firms, data providers, and national competent authorities involved in the reporting and processing of data on shares under the MiFIR framework and related delegated regulations.

Acronyms

ANNA	Association of National Numbering Agencies
APA	Approved Publication arrangement
CA	Competent Authority
CFI	Classification of Financial Instruments
CDR	Commission Delegated Regulation
CP	Consultation Paper
CTP	Consolidated Tape Provider
DVC	Double Volume Cap
ECB	European Central Bank
EEA	European Economic Area
EU	European Union
ESMA	European Securities and Markets Authority
FASTER	Council Directive (EU) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes
FIRDS	Financial Instruments Reference Data System
FITRS	Financial Instruments Transparency System
GLEIF	Global Legal Entity Identifier Foundation
ISIN	International Securities Identification Numbering
LEI	Legal Entity Identifier
MiFIR Review	Regulation (EU) 2024/791 of the European Parliament and of the Council of 28 February 2024 amending Regulation (EU) No 600/2014

	as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations, and prohibiting receiving payment for order flow
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of Council 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/20123
MTF	Multilateral Trading Facility
NCAs	National Competent Authorities
RTS	Regulatory Technical Standard
RTS 1	Commission Delegated Regulation (EU) 2017/587
RTS 22	Commission Delegated Regulation (EU) 2017/590

European Securities and Markets Authority

Table of Contents

1 Executive Summary

Reasons for publication

Council Directive (EU) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes (FASTER Directive) sets out a mandate for ESMA to develop draft regulatory technical standards (RTS) on the methodology for the calculation of market capitalisation and the market capitalisation ratio of Member States. From 2026 at the latest, ESMA shall also publish, on an annual basis and within 120 working days of the beginning of each year, the market capitalisation and the market capitalisation ratio of each Member State for at least the preceding year. ESMA is now seeking input on its proposed technical standards to define the methodology for these metrics.

Contents

Following a general introduction (section 2), this consultation paper sets out ESMA's considerations and proposals on technical standards on the methodology for calculating the market capitalisation and the market capitalisation ratio of Member States, in accordance with Directive (EU) 2025/50. The proposed methodology aligns with existing transparency frameworks and builds on established practices under MiFIR. It covers the computation of prices (section 5.1), the calculation of market capitalisation at the ISIN level (section 5.2), the aggregation at the country level and the calculation of the market capitalisation ratio (section 0).

Next Steps

Based on the responses received to this consultation, ESMA will prepare the final report and intends to submit the final draft technical standards to the European Commission in October 2025.

2 Introduction

1. On 10 January 2025, a new directive[1] aimed at improving the cross-border taxation procedures within the European Union was published in the Official Journal of the European Union. This directive is part of the broader initiative to streamline tax relief processes and enhance the functioning of withholding tax systems across Member States, particularly concerning dividends and interest paid on publicly traded shares and bonds.

2. The directive establishes a comprehensive framework for the issuance of digital tax residence certificates and provides a set of rules to relieve any excess withholding tax levied by Member States on cross-border payments of dividends and interest. It also introduces mechanisms for the application of tax relief procedures, including the role of ESMA in monitoring and publishing the market capitalisation data of each Member State, which plays a crucial role in the eligibility for relief systems under this directive.

3. This consultation paper is published as part of the ongoing legislative process and invites feedback from stakeholders on the implementation of the proposed rules. Specifically, it seeks views on the draft RTS that will establish the methodology for calculating market capitalisation and the market capitalisation ratio of Member States, as required by Article 20 of the directive.

4. The feedback gathered from this consultation will inform the development of the final RTS and ensure that the final provisions align with the objectives of the directive, while taking into account the practicalities of market operations and tax compliance across the EU.

3 Legal mandate

5. The box below outlines ESMA's mandate to develop the RTS and the relevant definitions of market capitalisation and market capitalisation ratio.

Article 3 – Definitions

1. For the purposes of this Directive, the following definitions apply:

(32) ‘market capitalisation’ means the total value of the publicly traded shares of companies whose shares are admitted to trading on a regulated market or on a multilateral trading facility, represented in a Member State as published on an annual basis by ESMA;

[1] Directive - 2025/50 - EN - EUR-Lex

(33) 'market capitalisation ratio' means the ratio expressed as a percentage of the market capitalisation of a Member State on 31 December to the overall market capitalisation of the Union on 31 December, in a given year;

Article 20 – Publications by ESMA

1. From 2026 at the latest, ESMA shall publish, on an annual basis and within 120 working days of the beginning of each year, the market capitalisation and the market capitalisation ratio of each Member State for at least the preceding year. ESMA shall develop draft regulatory technical standards on the methodology for the calculation of market capitalisation and the market capitalisation ratio as defined in Article 3(1), points (32) and (33), respectively. ESMA shall submit those draft regulatory technical standards to the Commission by 31 October 2025.

2. Power is delegated to the Commission to adopt the regulatory technical standards referred to in paragraph 1 of this Article in accordance with the procedure laid down in Articles 10 to 14 of Regulation (EU) No 1095/2010.

4 Background of the methodology

6. Market capitalisation, as defined in Article 3(1)(32) of the FASTER Directive, refers to the total value of publicly traded shares of companies admitted to trading on a regulated market or multilateral trading facility, as represented in a Member State and published annually by ESMA.

7. The methodology proposed in this consultation paper builds on the existing regulatory framework established under MiFIR[2], particularly the provisions used for annual transparency calculations relating to equity and equity-like instruments. Under Article 2(17)(b) of MiFIR and Article 1 of Commission Delegated Regulation (CDR) (EU) 2017/567[3], market capitalisation is a key metric used to determine whether a share is considered to have a liquid market. Article 5(1) of the same delegated regulation further specifies that this determination is carried out three times per year, with the annual calculation, based on a snapshot from the last trading day of the previous year, being the relevant one for the current purpose.

8. In line with Article 20(1) of the FASTER directive, this consultation paper includes, as an annex, a draft RTS which sets out the methodology for calculating the market capitalisation and the market capitalisation ratio of each Member State. Under the Directive, Member States whose market capitalisation exceeds 1.5% of the total EU market capitalisation for four consecutive years will be subject to specific requirements related to withholding tax

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[2] EUR-Lex - 02014R0600-20250117 - EN - EUR-Lex
[3] Delegated regulation - 2017/567 - EN - EUR-Lex

relief. To support this, ESMA is required to publish the relevant annual figures by 2026 and subsequently within 120 working days from the beginning of each year.

9. The proposed methodology aims to replicate, where appropriate, the structure and logic of the existing approach used for transparency calculations, ensuring continuity and consistency, while adapting it to the scope and objectives of the FASTER Directive. The methodology is aligned with the revised transparency framework [4] that ESMA is implementing, which uses transaction data reported under Article 26 of MiFIR as the basis for computations.

10. However, for the initial year, it is advisable to validate the market capitalisation calculation based on transaction data against FITRS data, in order to ensure data quality and consistency. Nonetheless, the methodology set out in the RTS relies solely on transaction data.

5 Methodology for the calculation of market capitalisation and market capitalisation ratio

11. The proposed methodology for calculating **market capitalisation** is structured around three key steps. In line with Article 3(32) of the FASTER Directive, the methodology applies only to shares admitted to trading on a regulated market or a multilateral trading facility, which defines the scope of application for the steps described below.

12. Market capitalisation refers to the total market value of a company's outstanding shares, calculated by multiplying the number of shares currently in circulation by the current market price per share. The methodology lays down a harmonised approach to determine share prices from transaction data

13. Following the share price calculation, the second step involves computing market capitalisation at the instrument level by combining these prices with the number of outstanding shares.

14. Finally, a third aggregation step is introduced, consolidating instrument-level figures at the country level. This additional layer of aggregation, which goes beyond the ISIN-level calculations traditionally used in transparency regimes, is necessary to meet the requirements of the directive in identifying countries whose market capitalisation exceeds 1.5% of the EU total.

15. The resulting formula for computing the market capitalisation of a Member State is as follows:

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[4] ESMA71-545613100-2696_PR_Reporting_burden.pdf

$$\text{MarketCap}_{\text{Country}_i} = \sum_{\text{LEI}_{j \in \text{Country}_i}} \sum_{\text{ISIN}_{k \in \text{LEI}_j}} \text{MarketCap}_{\text{ISIN}_{kj}}$$

16. Moreover, as per Article 20(1) of FASTER Directive, the RTS should also include the methodology for calculating the **market capitalisation ratio**, as defined in Article 3(1)(33). This ratio is expressed as a percentage of the market capitalisation of a Member State on 31 December of the preceding year, relative to the total market capitalisation of the Union on the same date, within a given year. Therefore, the country market capitalisation, as computed in paragraph 15, is divided by the sum of all EU Member States' market capitalisations and expressed as a percentage.

The formula is as follows:

$$\text{MarketCapRatio}_{\text{Country}_i} = \left(\frac{\text{MarketCap}_{\text{Country}_i}}{\sum_{j=1}^{N} \text{MarketCap}_{\text{Country}_j}} \right) \times 100$$

Where:

- $\text{MarketCapRatio}_{\text{Country}_i}$ is the market capitalisation ratio for country i
- $\text{MarketCap}_{\text{Country}_i}$ is the market cap for country i
- N is the total number of EU countries included in the aggregation

17. In the following sections, each component of the market capitalisation calculation is examined in greater detail. This includes a breakdown of the relevant data inputs, namely share prices and number of outstanding shares, as well as an explanation of the aggregation process at both the company (LEI) and country levels. For each component, the proposed approach identifies the primary data sources and outlines the measures taken to ensure consistency, reliability, and alignment with the overall methodological framework.

5.1 Calculation of share prices

18. The proposed methodology for calculating end-of-year share prices relies on transaction data, reported under Article 26 of MiFIR. The rationale for using transaction data rather than prices published by trading venues (TVs) is based on the following considerations:

19. Currently share prices are reported to ESMA through the Financial Instruments Transparency System (FITRS); in the context of burden reduction initiatives and reduction of duplicative reporting ESMA is planning to progressively phase out the submission of

quantitative data to FITRS and use solely transaction data. Relying on prices from TVs would imply maintaining a reporting regime for this purpose, which would go against ESMA's objective of reducing reporting burden. The proposed methodology is also consistent with the broader direction being taken for transparency calculations, which prioritises the use of existing transaction data.

20. There is currently no harmonised methodology among trading venues for calculating end-of-day prices; this could create inconsistencies on how the relevant metrics are computed across trading venues and Member States.

21. Trading venues do publish end-of-day prices on their websites; however, these are often not easily retrievable, timely, or available in a clean and robust manner, increasing cost and operational risks to obtain data of sufficient quality. Instead, transaction data reported directly to ESMA provides a more robust, standardised, and technically reliable source.

22. As explained in the next section, the methodology developed to derive end-of-day prices from transaction data produces results that approximate very closely those reported to FITRS, while ensuring a harmonised framework across jurisdictions.

23. Based on this rationale, for each share, its price is determined using the most recent transactions from the most relevant market in terms of liquidity, defined as the trading venue with the highest turnover within the EU, in accordance with Article 4(1) of RTS 1 on equity transparency.

24. Specifically, the methodology determines the reference price based on transactions executed in a 15-minute time window ending at the time of the last trade of the year for the given instrument. It is important to note that this reference point is not necessarily the last trade on the last trading day of the year, but the very last trade that occurred during the calendar year. This distinction is necessary because some instruments may not have been traded on the final trading day.

25. Within this 15-minute window, the methodology considers up to the last 100 transactions executed on the most relevant trading venue. If more than 100 trades took place, only the most recent 100 are included. Conversely, if fewer trades occurred, all trades within this period are used. In cases where no other trades occurred within the 15-minute window besides the final trade, only that single trade is considered. Therefore, the sample size used to calculate the reference price can range from a single trade to a maximum of 100 trades, depending on the trading activity of the instrument during that time frame, as illustrated in Figure 1: Illustration of transaction selection logicFigure 1.

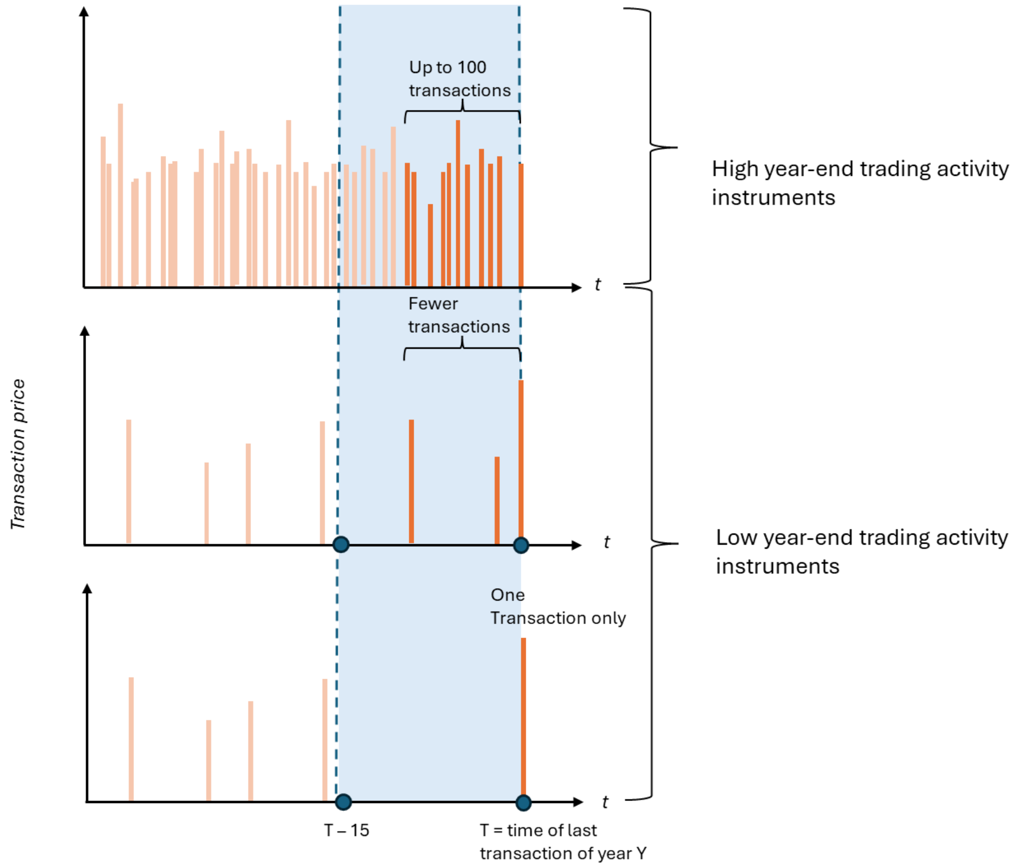

FIGURE 1: ILLUSTRATION OF TRANSACTION SELECTION LOGIC

26. The share price for each instrument is then calculated as the average transaction price within this selected sample. The underlying data is sourced in accordance with RTS 22 [5] on transaction reporting, using the relevant fields specified in Table 2 of Annex I.

27. Finally, the calculated share prices are converted into euros using the Euro foreign exchange reference rates published by the European Central Bank (ECB), based on the rate applicable on the date of the last transaction taken into consideration. This ensures consistency and comparability across instruments denominated in different currencies.

[5] COMMISSION DELEGATED REGULATION (EU) 2017/ 590

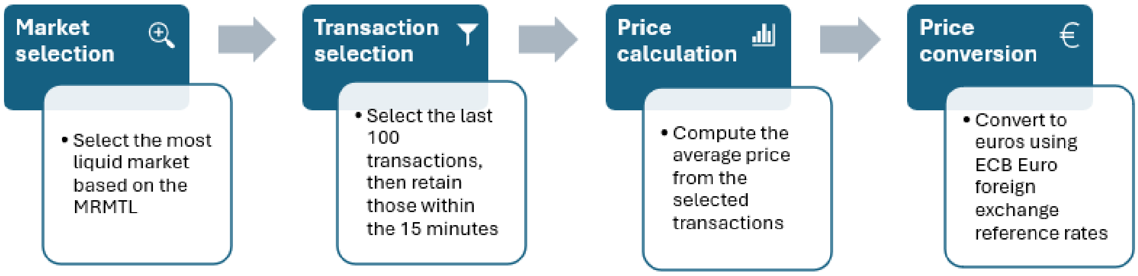

FIGURE 2: METHODOLOGY FOR END-OF-YEAR PRICE CALCULATION BASED ON TRANSACTION DATA

Q1: Do you agree with the proposed approach of using the average of up to the last 100 transactions within the final 15 minutes before the last trade of the year of each share on the most liquid EU trading venue to determine end-of-year share prices? Alternatively, should a longer-term average be considered to better account for potential price volatility?

Transaction vs FITRS share prices comparison

28. To support and validate the proposed methodology, a simulation was carried out using a dataset of all shares that were active in 2024 and issued by entities whose legal address is in EU Mamber States. The sample included approximately 5,200 instruments. For each instrument, the same approach described above was applied: selecting up to 100 of the latest transactions on the most liquid trading venue and calculating the average transaction price during the final 15 minutes of trading activity of that instrument in the year. In most cases, the last transaction occurred on the final trading day of the year. However, for some instruments, the last trade was earlier due to a lack of end-of-year activity. After applying relevant data filtering and cleaning procedures, an average transaction price was computed for each instrument and converted into euros.

29. To evaluate the reliability of this methodology, the computed prices were compared against the end-of-year prices reported to FITRS, the system that currently collects and processes reference and quantitative data from trading venues to support transparency assessments under the MiFIR framework. The analysis measured the percentage differences between the two price sets, rounding to the nearest whole number and grouping results into eleven buckets: [0%, 1%, 2%, ..., 8%, ≥10%]. The distribution of these differences illustrates the level of alignment between the proposed approach and existing reported prices.

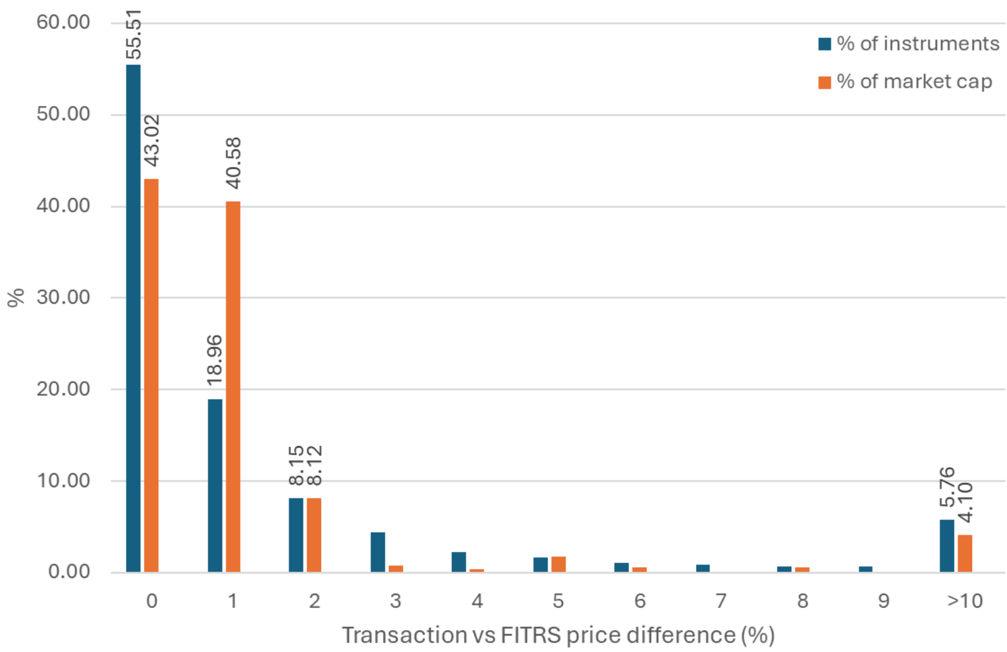

FIGURE 3: DISTRIBUTION OF PERCENTAGE DIFFERENCES BETWEEN COMPUTED AND REPORTED END-OF-YEAR PRICES. TOTAL NUMBER OF INSTRUMENTS: 5204

30. The results show a high level of alignment between transaction-derived prices and FITRS-reported prices. Approximately 85% of instruments exhibited a difference of 2% or less, and nearly 60% showed a perfect match. In terms of market capitalisation, 92% of the total market value was derived from instruments with a price difference of 2% or less, while only 3% was based on instruments with a price difference above 10%. This suggests that, in the absence of data quality issues, the proposed methodology closely approximates current practices used by trading venues, despite the absence of a harmonised calculation standard among them.

5.2 Calculation of market capitalisation at the LEI level

31. Once the share prices are computed according to the methodology outlined in section 5.1, the next step is to calculate the market capitalisation for each company. This is achieved by multiplying the obtained share price in EUR by the number of outstanding shares for each specific instrument.

$$\text{Market Cap} = p \times \#shares$$

Where:

— p is the applicable price of the share

— $\#shares$ is the number of shares outstanding, as collected by ESMA among the data to be used for the purpose of determining a liquid market for shares.

32. In some cases, further complexity arises when multiple ISINs are associated with the same Legal Entity Identifier (LEI). This typically occurs when a company issues different types or classes of shares. While the simplest scenario involves a direct one-to-one mapping between an LEI and an ISIN, there are instances where this relationship is not straightforward, and multiple ISINs may exist under a single LEI. Several scenarios can explain this situation. They are included in the following paragraphs.

33. ***a. Multiple share classes*:** companies may issue multiple classes of shares, each with distinct rights and characteristics. For example, a company might issue Class A and Class B shares, which could differ in voting rights or dividend policies. This dual-class structure is often established when a company goes public. To accurately calculate market capitalisation in such cases, all share classes must be considered. These distinctions are reflected in the CFI (Classification of Financial Instruments) code assigned to the financial instrument by the Association of National Numbering Agencies (ANNA).
The market capitalisation formula in this scenario would be:

$$\mathrm{MarketCap} = \sum_{i=1}^{n} (\mathrm{p}_i \times \#\mathrm{shares}_i)$$

Where:

— p_i is the price of share class i

— $\#\mathrm{shares}_i$ is the number of shares outstanding for share class i

— n is the total number of share classes

34. ***b. Stock splits and reverse stock splits:*** stock splits and reverse stock splits are corporate actions that affect the number of shares outstanding and the share price, without altering the company's overall market value:

    - Stock split: a company divides its shares into multiple new shares to lower the share price and increase liquidity. While the number of shares increases, the share price decreases proportionally, leaving the total market capitalisation unchanged.

    - Reverse stock split: a company consolidates its shares into fewer, higher-priced shares, often to boost its stock price or meet exchange listing requirements.

35. In both cases, these actions typically result in the assignment of a new ISIN. To account for these changes, a filtering process, in line with the approach used for transparency

calculations, is applied to ensure the market capitalisation calculation reflects only the most recent, active ISINs. Specifically, any instruments that have been terminated before the last trading day of the year are excluded from the computation. This ensures that, whenever such corporate actions occur, the previous ISINs associated with older share configurations are automatically discarded. Only the snapshot of the latest active ISIN, reflecting the adjusted number of shares and updated price dynamics, is retained in the market capitalisation calculation.

Q2: Do you agree with the proposed methodology for calculating market capitalisation at the LEI level, including the grouping of multiple ISINs associated with a single LEI, such as in cases involving multiple share classes, and the exclusion of terminated ISINs to ensure that only the most recent, active instruments are considered in the calculation? If not, please provide your reasoning and suggest any alternative approaches you consider more appropriate.

5.3 Calculation of market capitalisation at the at the country level

36. After calculating market capitalisation at the LEI level, the next step is to consolidate this data by country. This is done by linking each instrument to a country using the LEI of the issuer. The aggregation process involves three key steps:

37. ***a. Mapping instruments to LEIs via FIRDS****:* FIRDS is used to retrieve the LEI associated with each instrument. Specifically, the LEI disclosed in FIRDS is the one reported by t the venue of first admission to trading. This venue is considered the most likely to provide the highest quality reference data for the instrument.

38. **b. Determining the country via legal address**: to assign a country to each instrument, the legal address of the entity associated with the LEI is used. Both the legal address and the headquarters address are sourced from the Global Legal Entity Identifier Foundation (GLEIF), in accordance with the ISO 17442 standard, which defines the minimum reference data required for each LEI, including both types of addresses. While the headquarters address refers to the location from which the entity's senior management directs and controls operations, the legal address is the official registered address of the company, used for taxation and regulatory filings. For this reason, the legal address is preferred for identifying the relevant country in the context of market capitalisation aggregation for FASTER. In line with the FASTER directive, which specifies that market capitalisation should be computed as of 31 December of each year, the relevant legal address will be retrieved from GLEIF, using the latest update available in that year. Nonetheless, a simulation based on the headquarters address produced broadly similar results in terms of overall market capitalisation and the number of member states reaching the defined threshold.

39. ***c. Aggregating market capitalisation by country:*** once each LEI is associated with a country, as per point 38, the total market capitalisation for each country is obtained by summing the market capitalisation of all instruments linked to LEIs registered in that country.

The aggregation formula is as follows:

$$\mathrm{MarketCap}_{\mathrm{Country}_i} = \sum_{\mathrm{LEI}_{j \in \mathrm{Country}_i}} \sum_{\mathrm{ISIN}_{k \in \mathrm{LEI}_j}} \mathrm{MarketCap}_{\mathrm{ISIN}_k}$$

Where:

- $\mathrm{MarketCap}_{\mathrm{Country}_i}$ is the total market cap for country i
- LEI_j refers to all legal entities registered in country i
- ISIN_k are all instruments issued by LEI_j
- $\mathrm{MarketCap}_{\mathrm{ISIN}_k}$ is the market cap of instrument k

Q3: Do you agree with the approach of using the legal address as the basis for determining an entity's country for market capitalisation aggregation, instead of the headquarters address? If not, please explain your preference.

5.4 Preliminary market capitalisation assessment based on 2024 data

40. As a final step, and for indicative purposes only, the methodology described in this paper has been applied to 2024 data in order to produce a preliminary assessment of market capitalisation at the country level. The total market capitalisation for each country was calculated by aggregating instrument-level market caps, following the steps outlined in Section 0. The resulting market capitalisation ratios were then compared against the 1.5% threshold.

41. Based on this preliminary assessment using 2024 data, the following countries exceed the 1.5% market capitalisation threshold: France, Germany, Netherlands, Ireland, Sweden, Spain, Italy, Denmark, Belgium, Finland, Luxembourg, and Poland. This indicative list is intended solely to illustrate the application of the methodology. Final determinations will be made using the relevant data for the applicable year, in accordance with the timelines established in the regulatory framework.

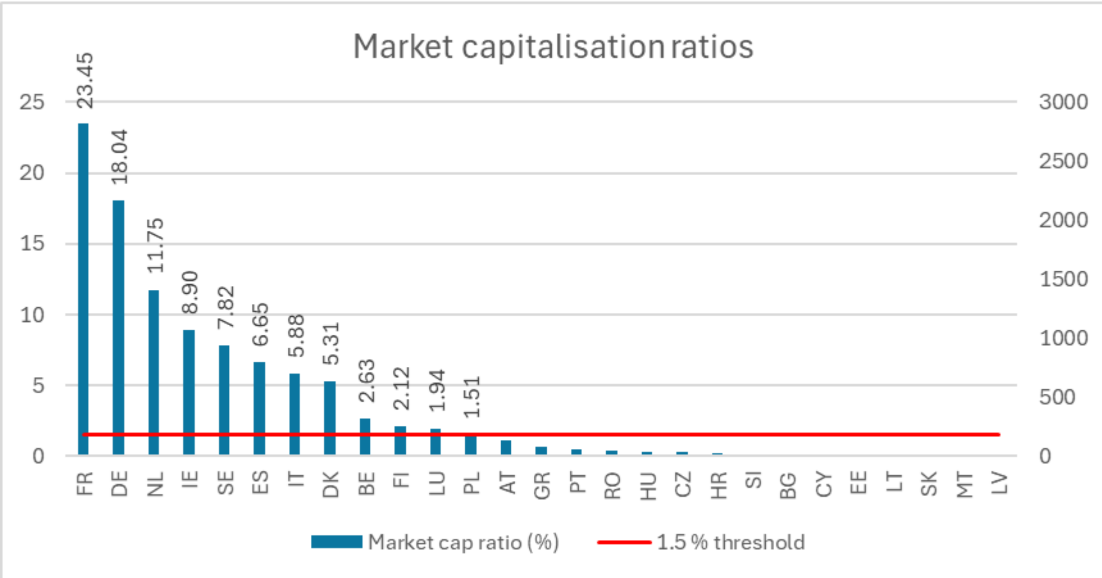

Figure 4: Market capitalisation and market capitalisation ratios by country according to draft methodology (2024 Figures)

6 Annexes

6.1 Annex I - Summary of questions

Q1: Do you agree with the proposed approach of using the average of up to the last 100 transactions within the final 15 minutes before the last trade of the year of each share on the most liquid EU trading venue to determine end-of-year share prices? Alternatively, should a longer-term average be considered to better account for potential price volatility?

Q2: Do you agree with the proposed methodology for calculating market capitalisation at the LEI level, including the grouping of multiple ISINs associated with a single LEI, such as in cases involving multiple share classes, and the exclusion of terminated ISINs to ensure that only the most recent, active instruments are considered in the calculation? If not, please provide your reasoning and suggest any alternative approaches you consider more appropriate.

Q3: Do you agree with the approach of using the legal address as the basis for determining an entity's country for market capitalisation aggregation, instead of the headquarters address, which refers to the location of senior management and operational control? If not, please explain your preference.

6.2 Annex II - Draft Technical Standards

Draft RTS on the methodology for the calculation of market capitalisation

COMMISSION DELEGATED REGULATION (EU) 2025/XXX
of XXX

supplementing Directive (EU) No 2025/50 of the Council on faster and safer relief of excess withholding taxes with regard to regulatory technical standards specifying the methodology for the calculation of market capitalisation and the market capitalisation ratio

THE EUROPEAN COMMISSION,
Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive (EU) No 2025/50 of the Council of 10 December 2014 on faster and safer relief of excess withholding taxes, and in particular Article 20 thereof,

Whereas:

(1) Directive (EU) 2025/50 (the 'FASTER Directive') establishes a framework to streamline and enhance the effectiveness of withholding tax relief procedures within the Union. In this context, Article 20 of this Directive provides that the European Securities and Markets Authority (ESMA) shall, from 2026, publish annually the market capitalisation and the market capitalisation ratio of each Member State. This provision also mandates ESMA to develop draft regulatory technical standards (RTS) specifying the methodology for these calculations.

(2) For the purpose of consistency, the methodology for calculating market capitalisation should align with the established frameworks used for determining liquid markets under Regulation (EU) No 600/2014 (MiFIR) and Commission Delegated Regulation (EU) 2017/567, while adapting to the requirements of the FASTER Directive. In particular, in accordance with the definition set out in Article 3(1)(32), of the FASTER Directive, market capitalisation refers exclusively to the total value of shares admitted to trading on regulated markets (RMs) or multilateral trading facilities (MTFs).

(3) Given that shares may be admitted to trading on multiple trading venues across the Union, it is essential to identify the most representative price source to ensure a consistent and

meaningful measure of market capitalisation. Therefore, share prices used for the calculation should reflect actual market conditions and be derived from the most relevant market in terms of liquidity for each instrument, as defined in Article 4(1)(a) of Commission Delegated Regulation (EU) 2017/587. Furthermore, transaction data reported in accordance with Article 26 of Regulation (EU) No 600/2014 and Commission Delegated Regulation (EU) 2017/590 provides an appropriate basis for this determination.

(4) The number of outstanding shares is a fundamental component in calculating market capitalisation, as it represents the total equity base over which share prices are applied. To ensure consistency, reliability, and alignment with existing reporting practices, this information should be sourced from the data submitted to ESMA in accordance with Commission Delegated Regulation (EU) 2017/567 for the purposes of determining a liquid market for equity instruments.

(5) To ensure a harmonised and transparent approach in attributing issuers to Member States for the purposes of market capitalisation aggregation, the legal address of the issuing entity, as recorded in the Global Legal Entity Identifier Foundation (GLEIF) database, should be used. In accordance with ISO 17442, this address represents the official registered location of the entity, typically used for regulatory and tax purposes, and therefore provides a sound basis for determining the issuer's country of operation.

(6) To facilitate cross-country comparisons and to support the objectives of the FASTER Directive in assessing the relative size of Member State capital markets, the market capitalisation ratio should be expressed as a percentage of the market capitalisation of a Member State relative to the total market capitalisation of the Union on the same reference date. This definition, as set out in Article 3(1), point (33), of Directive (EU) 2025/50, ensures consistency and comparability across jurisdictions.

(7) This Regulation is based on the draft regulatory technical standards submitted by the European Securities and Markets Authority to the Commission.

(8) ESMA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established in

accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council[1],

HAS ADOPTED THIS REGULATION:

Article 1

Methodology for the calculation of market capitalisation

1. The market capitalisation of a Member State shall be calculated as the total market value of all shares admitted to trading on a regulated market or a multilateral trading facility, issued by legal entities incorporated or legally established in that Member State, as of 31 December of the relevant year.

2. For each share, market capitalisation shall be calculated by multiplying:

    (i) the number of shares outstanding on 31 December; and

    (ii) the share price calculated in accordance with paragraph 3.

3. The share price shall be determined as the average price of up to the last 100 transactions executed during the final 15 minutes preceding the last trade of the year for that share. Where 100 or more transactions were executed within this 15-minute window, the 100 most recent transactions shall be used for the calculation. Where fewer than 100 transactions were executed in this period, all available transactions within the window shall be used. Only transactions executed on the most relevant market in terms of liquidity within the Union shall be considered. Where applicable, the resulting share price shall be converted into euros.

4. The transaction data used for calculating the share price shall be as reported in accordance with Article 26 of Regulation (EU) No 600/2014 and Commission Delegated Regulation (EU) 2017/590. Only executed transactions shall be considered.

5. The number of shares outstanding shall be as reported to ESMA pursuant to Article 1 of Commission Delegated Regulation (EU) 2017/567.

[1] Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2020, p. 84).

6. Shares no longer admitted to trading prior to 31 December shall be excluded from the calculation.
7. For each legal entity, market capitalisation shall be calculated by summing the market capitalisation of all active shares issued by that entity.
8. The market capitalisation of a Member State shall be calculated by aggregating the market capitalisations of all legal entities whose legal address is located in that Member State.

Article 2

Methodology for the calculation of the market capitalisation ratio

1. The market capitalisation ratio of a Member State shall be calculated as the ratio, expressed as a percentage, of:
   a) the market capitalisation of that Member State on 31 December of the relevant year, as calculated in accordance with Article 1; to
   b) the total market capitalisation of all Member States of the Union on the same date.
2. The following formula shall be used:

$$\mathrm{MarketCapRatio}_{\mathrm{Country}_i} = \left(\frac{\mathrm{MarketCap}_{\mathrm{Country}_i}}{\sum_{j=1}^{N} \mathrm{MarketCap}_{\mathrm{Country}_j}}\right) \times 100$$

where:

— $\mathrm{MarketCap}_{\mathrm{Country}_i}$ is the market capitalisation of country i,

— N is the total number of Member States.

Article 3

Entry into force and application

1. This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. It shall apply from 1 January 2026.
2. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [DD MM YYYY]

For the Commission

The President