

ESMA CONSULTATION PAPER ON THE METHODOLOGY FOR THE CALCULATION OF MARKET CAPITALISATION

[Consultation Paper on the Methodology for the calculation of market capitalisation](#)

Target participants

The consultation paper (CP) will be of interest to 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.

Information Note

The Consultation Paper (CP) issued by ESMA outlines the proposed methodology for calculating market capitalisation and the market capitalisation ratio of EU Member States, as mandated by the FASTER Directive (Directive (EU) 2025/50). This initiative is part of the EU's broader effort to streamline and enhance the effectiveness of cross-border withholding tax relief procedures. The draft regulatory technical standards (RTS) presented in the paper detail a harmonised approach for determining market capitalisation, drawing on transaction data reported under MiFIR and leveraging established transparency frameworks. The methodology involves calculating share prices based on the average of up to the last 100 transactions in the final 15 minutes before the last trade of the year, aggregating these at the instrument and company (LEI) levels, and then consolidating at the country level using the issuer's legal address.

ESMA is seeking stakeholder feedback on several key aspects of the proposed methodology, including the selection of transaction data for price calculation, the treatment of multiple share classes and terminated ISINs, and the use of the legal address to determine the relevant country for aggregation. runs until 25 July 2025, after The consultation period ESMA will finalise the RTS and submit them to the European Commission by October 2025. From 2026, ESMA will annually publish the market capitalisation and market capitalisation ratio for each Member State, which will play a crucial role in determining eligibility for specific tax relief procedures under the FASTER Directive.

The CP is organised into **six** parts:

- **Sections 1 and 2** contains the executive summary and the introduction with the context about the new directive, its objectives, and the purpose of the consultation.
- **Section 3** presents the legal background on ESMA's mandate to develop the regulatory technical standards and defines key terms.
- **Section 4** Explains the regulatory background and the rationale for the proposed calculation methodology.



- **Section 5** concerns the methodology for the Calculation of Market Capitalisation and Market Capitalisation Ratio describing the step-by-step methodology, including data sources and calculation logic. Among others, it is detailed how share prices are determined using transaction data and it is explained aggregation at the company level, including handling of multiple share classes and ISINs.
- **Section 6** includes the annexes to this CP comprising the list of the questions (Annex I), and the Contains the draft regulatory technical standards (RTS) text (Annex II).

ESMA will consider feedback received for preparing a final report. The final draft technical standards will be sent to the European Commission in October 2025.

Submission of comments

The deadline for submitting comments is **25 July 2025**.

Respondents may send their comments through ESMA's website: www.esma.europa.eu. The paper of this consultation (ESMA12-1406959660-2936) and the Response Form are available in the section [Consultation](#).

Likewise, please send a copy of your answers to the CNMV to the following email address: documentosinternacional@cnmv.es

International Affairs Department

CNMV
c/ Edison 4
28006 Madrid