

CAPITAL-RETURN EFFICIENCY

Europe's €200bn-a-year buyback question

Why execution quality in open-market repurchases matters to shareholder returns, valuation discounts and public-market competitiveness

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€410m. That was the contractual balancing payment Siemens disclosed at the end of its 2018–2021 share buyback, on top of approximately €2.54 billion of market purchases. It increased total consideration to €2.95 billion and the effective acquisition price by about 16%. [1]

Across the €200 billion of annual buybacks by listed companies in Europe, every 1% in additional transaction costs is worth €2 billion. Siemens shows why execution quality belongs at the centre of Europe's competitiveness debate.

When share buyback execution is less efficient than a reasonably available alternative, a company retires fewer shares with the same cash. Continuing shareholders receive less benefit from the capital returned, while the issuer's own demand provides weaker support when its shares trade below fair value. Repeated across one of Europe's largest recurring capital flows, that friction can contribute at the margin to persistent valuation discounts, a higher cost of capital and a weaker proposition for companies considering whether to list or remain listed here.

€410m Siemens balancing payment	c. €200bn Annual buybacks across Europe, including the UK	€2bn Value of each 1% across that flow	c. 20x Capital returned versus new equity raised
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Headline scale estimates draw on issuer disclosures, Capital Group and AFME. [1]-[8]

The central proposition

Europe's competitiveness debate is largely about bringing capital into public markets. Should it also be asking more questions about how efficiently those markets return capital to investors? Share buybacks are the clearest place to begin because, unlike dividends and most primary issuance, their outcome is largely determined directly by public-market execution. This is a question about how efficiently share buybacks are executed in our markets, not a question of whether buybacks are inherently good or bad.

Scope and terminology. In this note, the approximately €200 billion annual figure refers to buybacks by listed companies across Europe, including the United Kingdom. It should not be read as an EU27-only estimate. The recommendations addressed to ESMA concern the EU framework; evidence from the UK and the FCA is used comparatively.

Except where another mechanism is identified expressly, the execution analysis concerns open-market repurchase programmes. This includes both agency or “vanilla” mandates and structured mandates under which shares are acquired progressively in the market. The note does not assess issuer tender offers, privately negotiated or other off-market repurchases, or capital reductions. US accelerated and enhanced open-market repurchases are mentioned only where their contractual economics or regulatory treatment provide a useful comparison.

1. The overlooked half of competitiveness

Public equity markets compete on the efficiency with which they move capital between companies and investors. That movement runs in both directions: into companies when equity is raised, and out to investors when capital is

returned. The more friction a market imposes in either direction, the less attractive its listed securities become at the margin.

European policy has concentrated on listings, IPOs, follow-on issuance and the mobilisation of savings into productive investment. Those priorities are important. But listed companies across Europe, including the United Kingdom, now return far more capital than they raise. Combining dividends, buybacks and delistings, the amount returned is roughly twenty times new equity issuance. Listed European companies undertake approximately EUR 200 billion of share buybacks each year. [7]-[8]

The regional data do not classify every programme consistently by execution mechanism. This paper therefore uses the EUR 200 billion figure to establish the scale of the capital flow, while limiting its execution analysis principally to open-market repurchase programmes. These are the most common form of recurring listed-company buyback and the mechanism through which market structure most directly determines how much of the issuer's cash is converted into shares.

Why share buybacks are different

- **Capital raising.** IPOs and follow-on offerings are generally priced and allocated through off-market bookbuilding processes. Secondary-market structure affects the valuation backdrop but does not determine execution in the same direct way.
- **Dividends.** Cash is distributed through the issuer's register and payment system. Trading venues do not determine how much cash each shareholder receives, the tax system does.
- **Open-market buybacks.** The public market determines how many shares the issuer retires for its fixed cash allocation. Market impact, liquidity access, information leakage, execution strategy, benchmark design and contractual risk all affect that conversion.

This makes issuers open-market share buyback execution an unusually direct end-user outcome of market structure. It is also measurable. The approved capital, shares acquired, market purchase amounts, timing and final issuer consideration can, in principle, be reconciled into a complete outcome.

Scale turns percentage points into billions

Every additional 1% of market-wide execution friction represents EUR 2 billion across EUR 200 billion of annual European buyback activity. If costs were three percentage points above a reasonably available counterfactual, approximately EUR 6 billion less value would be converted into shares each year. Repeated for a decade and compounded at 7%, the cumulative difference would approach EUR 80 billion.

These figures are illustrative, not an estimate of actual excess cost. Their purpose is to show why the absence of measurement matters. Whether the true market-wide difference is small or large, Europe currently lacks a consistent way to determine it.

2. How execution friction can feed valuation discounts

For an issuer converting fixed cash into shares, an avoidable increase in the price paid is a transaction cost. The company retires fewer shares. In execution terms, that is implementation shortfall: the difference between the outcome achieved and a defined decision-price or execution counterfactual, adjusted for the order's size, urgency and risk.

The mechanism has two sides. For investors, friction reduces the value of the capital returned before it reaches continuing shareholders. Investors who expect lower net distributions for the same risk will, all else equal, pay less for the shares or allocate capital elsewhere. For the issuer, a buyback is the company buying back its shares from some of its own shareholders when the board considers that use of capital attractive. That demand can help pull a discounted share price back towards the value of the business. Inefficient execution weakens that force because the same cash retires fewer shares.

The lower return received by investors and the weaker support for the issuer's share price are therefore the same friction viewed from opposite ends. This is one channel through which execution quality can contribute to persistent valuation discounts of European listed issuers. It is unlikely to explain more than a part of the gap between European and US valuations, which also reflects sector mix, growth, domestic equity allocation, tax, currency and risk appetite.

ESMA itself has highlighted the divergence between EU and US equity valuations and the declining EU share of global market capitalisation. [9]-[10]

Illustrative valuation mechanism

Consider two otherwise identical markets returning EUR 100 each year, half through dividends and half through buybacks. At buyback execution costs of 3%, investors receive EUR 98.50. At 6%, they receive EUR 97.00. If that difference persists and growth and discount rates are identical, the value of the higher-friction market's distributions is approximately 1.5% lower. Against a residual 20% valuation discount, that is equivalent to about 7.5% of the gap.

This is a thought experiment, not an estimate of the actual causes of Europe's valuation discount.

An actionable competitiveness lever

The value of this issue lies in the combination of scale, speed and ease of solutions. Many causes of Europe's valuation gap are slow, contested or outside the control of a single actor. Execution friction falls within the combined influence of boards, intermediaries, venues and regulators. It can be measured from existing data and improved without redesigning the purpose of the public market.

The first two sections establish the consequence: share buyback execution is large enough to matter and sufficiently persistent to affect shareholder returns and valuations at the margin. The next question is why these costs can arise and remain difficult to identify. There are two linked explanations. First, execution is often missing from the board's capital-allocation judgement, so the objective, benchmark, risk transfer and final outcome are not tested consistently. Second, issuers execute within market rules and contractual arrangements that can expose their demand, restrict their access to liquidity and alter the incentives or final economics of the programme. Sections 3 and 4 address those two layers in turn.

3. The missing third judgement

Every buyback asks shareholders to trust the board's judgement three times:

1. Is the capital genuinely surplus to the needs of the business?
2. Is repurchasing shares the best use of that capital at the prevailing valuation?
3. Was the capital converted into the intended shareholder outcome efficiently when the programme was executed?

The first two judgements receive extensive scrutiny. The third does not. Buybacks have become one of the largest recurring uses of corporate capital, yet implementation can be treated as a technical process delegated to treasury and an executing bank. Terms such as 'incidental transaction costs', 'balancing payment' or 'purchase price adjustment' may disclose that additional economics exist without telling shareholders how the arrangement was assessed.

Safe harbour and execution quality answer different questions

The EU safe harbour is important. It provides specified legal protection where the programme satisfies its purpose, disclosure, reporting, price and volume conditions. Compliance answers whether the intended regulatory protection is available. It does not answer whether the issuer accessed the best practicable liquidity, selected an appropriate execution benchmark, paid a fair price for transferred risk or retired the greatest practicable number of shares. [11]-[13]

A capital-return governance framework

- **Objective.** State what the buyback is intended to achieve and how urgency, duration and price sensitivity follow from that objective.
- **Execution design.** Explain why the permitted venues, participation limits, benchmark and mandate structure are suited to the order.
- **Risk allocation.** Identify which party bears price, volume, timing and completion risk, and the price paid to transfer it.
- **Ex post outcome.** Reconcile market purchases, fees, incidental costs and contractual adjustments into the total capital used and effective price per share.

This is the same discipline boards apply when raising, investing or acquiring with billions of euros. The economic inverse of dilution should not receive materially less attention simply because the transaction is executed as many small trades.

Better governance would ensure that boards ask the right questions, but governance cannot by itself remove friction embedded in the execution environment. A well-governed issuer can still be required to reveal information about an unfinished order, prevented from accessing liquidity available to other institutional investors, or enter a mandate whose benchmark, optionality and settlement are difficult to evaluate. The following section examines those channels.

4. How execution friction enters the buyback process

The governance framework identifies what an issuer should control. The market structure determines how difficult that control is to exercise. Three features deserve particular attention. Public disclosure can reveal residual demand before the order is complete. Safe-harbour and mandate restrictions can reduce the liquidity available to the issuer and increase the cost of time. Structured mandates can introduce benchmark, timing and option-based economics that are not visible from the market purchases alone.

4.1 The timing of public disclosure, not regulatory reporting

The issue is not whether ESMA and national competent authorities should receive complete transaction data. They should continue to receive prompt, confidential transaction-level information sufficient to reconstruct the issuer order, the executing bank's capacity, the venue, time, price and quantity of each trade, and any related principal transfer relevant to surveillance.

The separate question is when the same information, or an aggregated version of it, needs to be published to the market. Public disclosure while substantial demand remains exposes information about an unfinished institutional-size order. The market can use that information rationally by adjusting prices, liquidity provision and inventory around the issuer's predictable demand. The resulting cost is borne by the issuer and its continuing shareholders.

Regulatory surveillance, public accountability and protection of a live order are different objectives. They do not necessarily require the same information to be given to the regulator and the public at the same time.

European buybacks are unusually visible. The issuer announces that it will buy before the first share is acquired and publishes progress while residual demand remains. Regulation (EU) 2024/2809 has moved public reporting away from transaction-by-transaction files towards daily aggregates, but volume and weighted average price by day and venue can still be published while a programme has months left to run. [11], [13]

No sophisticated institutional investor would normally volunteer the intended size and progression of a billion-euro purchase order. Asset managers protect that information because other participants can anticipate demand, adjust prices and manage inventory around it. This conduct is not improper; it is the rational use of information that the issuer has been required or encouraged to reveal.

The governance question is whether the market-integrity benefit of live public disclosure exceeds the execution cost imposed on the issuer. Regulators should continue to receive prompt, complete transaction data. The empirical question is what cost premature public disclosure imposes on long-term shareholders, and how much informational value it creates for market participants trading against an unfinished order.

To state this explicitly, we would propose that the sequence and granularity of information would be more appropriate if it was as follows:

- Before trading: publish the authority, purpose, maximum size and programme duration.
- During execution: provide prompt, transaction-level information confidentially to the competent authority.
- Once the information has lost its trading sensitivity: publish aggregate execution data, including volumes and average prices, followed by a completion reconciliation.

4.2 Restricted liquidity and the cost of time

Delegated Regulation (EU) 2016/1052 generally limits safe-harbour purchases on a venue to 25% of that venue's average daily volume. Some mandates restrict execution further, for example to continuous trading on the primary

exchange. In a fragmented market, that can make the liquidity available to an issuer materially smaller than the liquidity available to another institutional buyer, see ESMA's FIG 1 below. [12]

Although the Article 5 safe harbour is optional, legal scholarship explains how formally optional safe harbours can become practical bright-line rules, particularly when intermediaries translate them into standard compliance policies. [20] In open-market buybacks, the interaction between safe-harbour conditions, their interpretation in practice and the restrictions incorporated into mandates can make the issuer a de facto captive buyer in the lit continuous phase. A comparable institutional buyer may access auctions, periodic matching, venues with lower pre-trade transparency, systematic internalisers or bilateral risk, while issuer demand can be channelled through a narrower set of mechanisms.

This creates a level-playing-field and competition question: whether different mechanisms can compete for issuer flow under equivalent safeguards, and whether the issuer can access liquidity on terms as close as practicable to a comparable institutional order. Equivalent safeguards need not mean identical treatment where mechanisms perform different functions.

The consequence of limited liquidity access is not simply slower execution. A persistent order left unfinished for longer bears more market risk: the risk that the share price moves before the issuer has converted its cash into shares. Optimal-execution research identifies the balance between market impact and market risk as a central determinant of large-order transaction cost. [16]

Addressable liquidity depends on the buyer

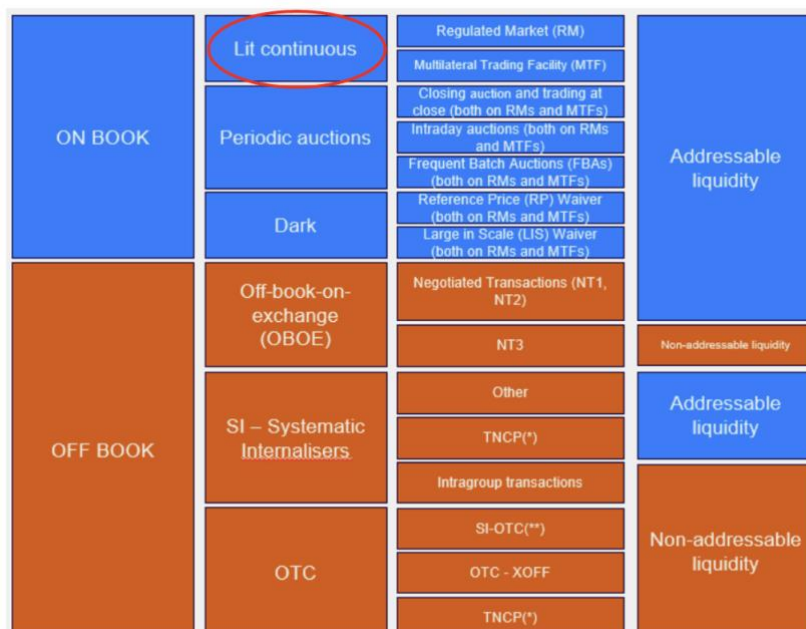
Market-structure analysis often asks whether reported transactions were addressable by another firm or client. For issuer buybacks, the relevant distinction is between liquidity available to the executing bank and liquidity available to the programme under the safe harbour and mandate.

Technical access. Can the broker connect to and trade through the mechanism?

- **Safe-harbour access.** Can the issuer use it while retaining the intended MAR protection?
- **Mandate access.** Does the contract permit auctions, periodic matching, SIs, bilateral risk or other eligible liquidity?
- **Economic access.** Does the mechanism improve the all-in issuer outcome after impact, leakage, fees and risk?

This is directly relevant to ESMA. Aggregate venue shares can suggest that liquidity is widely available while concealing an order-class-specific constraint. The correct counterfactual is a buyback with the same size, objective, disclosure duties and legal constraints, executed through each reasonably available mechanism.

FIGURE 1 – TRADING LANDSCAPE



Source: ESMA.

4.3 Structured buybacks: execution plus financial exposure

A conventional agency mandate generally reimburses the intermediary for market purchases plus an agreed commission. A structured mandate adds benchmark-linked financial exposure and bank discretion to the execution relationship.

In August 2025, the UK's FCA published a multi-firm review that defined and examined "structured buybacks". Its importance extends beyond its conclusion that it found no material concerns or unmanaged conflicts in its sample. The FCA describes products in which the bank controls daily purchase quantities and, within an agreed range, the programme duration; the final fee or rebate depends on performance against an arithmetic average of daily VWAPs; and the bank may hedge its resulting market exposure. It also reports that an issuer choosing between certain structures is "effectively taking a view" on the difference between implied and realised volatility. Banks' materials described the objective of some products as monetising volatility in the issuer's share price. [14]

The FCA does not determine whether these arrangements are legally derivatives. Academic and legal analysis is more explicit about their economic character. Guéant, Manziuk and Pu describe closely corresponding buyback contracts as containing "option components" and treat execution and option hedging as intertwined. [17] Baldacci, Bergault and Guéant analyse the European mandate format using the pricing and hedging methods applied to path-dependent Bermudan options. [18] Legal practitioners Pitts, Haaren and Seltzer describe the closely corresponding enhanced open-market repurchase as allowing the issuer to sell a VWAP put option and a timing option to the bank. [19]

Taken together, these regulatory, academic and legal sources describe the wider structured mandate as an option-based derivative arrangement in economic substance. The market purchases remain purchases of the issuer's shares, but the benchmark-linked rights, bank discretion, hedging and final settlement create an additional financial arrangement around those purchases. Whether that wider arrangement, or any component of it, is legally a financial derivative under MAR is a question for ESMA rather than a conclusion of this paper.

Risk transfer can be valuable. The governance question is whether the board can identify the benchmark being purchased, the option value transferred, the decisions retained by the bank, the plausible range of outcomes and the all-in effective price ultimately paid by the issuer. Specialist options desks transact repeatedly in these exposures; most corporate treasury teams do not.

Averaging conventions can change the answer

An arithmetic average of daily VWAPs gives each trading day equal weight. The programme's realised market purchase price weights days by the number of shares acquired. Even a constant-cash strategy will mechanically outperform an arithmetic average of daily VWAPs whenever daily prices vary. Part of the apparent outperformance can therefore arise from benchmark construction rather than execution skill. The FCA itself illustrated this effect. The relevant comparison is not simply performance against the contractual benchmark, but the issuer's all-in outcome against reasonably available execution alternatives.

Measure	Formula
Arithmetic daily benchmark	$(\text{VWAP day 1} + \dots + \text{VWAP day N}) / N$
Spend-weighted purchase average	Sum of (daily quantity x daily VWAP) / total quantity

Comparative evidence from the FCA

The FCA's 2025 multi-firm review examined 165 buybacks worth approximately GBP 40 billion across seven banks, including 64 structured mandates. It found no material concerns or unmanaged conflicts. That is relevant comparative evidence. The review also identified scenarios in which daily size or timing decisions could improve a bank's fee while worsening the issuer's lowest-price outcome. It did not conduct a detailed assessment of banks' best-execution frameworks for buybacks or evaluate the performance of the stated conflict controls. [14]

The balanced conclusion is that structured programmes can transfer risk, but their complete economics require completion-level reconciliation against the issuer's objective. The absence of identified misconduct is not a substitute for measuring whether the product achieved the issuer's capital-return objective.

5. Which transactions does MAR safe-harbour protect?

Article 5 of MAR provides an exemption for qualifying trading in an issuer's own shares where the relevant purpose, disclosure, reporting, price and volume conditions are met. Recital 4 of Delegated Regulation (EU) 2016/1052 states that the exemption is limited to actual trading in the issuer's own shares and does not apply to transactions in financial derivatives. [11]-[12]

A structured mandate may, however, contain several economically connected transactions:

Component	Question for ESMA
Market purchases by the bank as agent, principal or hedge counterparty	In what capacity is each trade executed and reported, whose purchase is it, and which transaction is capable of qualifying under Article 5?
Transfer or allocation of shares to the issuer	When do title and economic ownership pass to the issuer, and how do the safe-harbour price, volume and venue conditions apply where the bank's market purchase and the issuer's acquisition are distinct transactions?
Benchmark-linked fee, rebate or balancing payment	Does protection extend beyond qualifying share purchases to contractual rights or a later settlement that changes the issuer's final effective acquisition price?
Programme-level reporting and reconciliation	Can transaction reporting identify the bank's capacity and connect the market purchases, transfers and final settlement to the shares acquired and total consideration ultimately borne by the issuer?

The issuer and its shareholders experience these components as a single economic arrangement. Article 5 may nevertheless apply differently to each component. The first requirement is therefore to identify which share trades constitute the issuer's qualifying purchases. The second is to determine the treatment of the connected hedging, benchmark-linked rights, principal transfers and final settlement. ESMA should clarify the protection and reporting treatment component by component, and how the reported market transactions should reconcile to the issuer's final effective acquisition price.

These questions are concrete rather than theoretical. The Siemens and Mercedes-Benz disclosures are framed by reference to article 5 of Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052. This may reasonably lead investors to understand that qualifying programme purchases are intended to benefit from the safe harbour. The public materials do not, however, explain how that protection is understood to attach to each component of the wider arrangement.

Those disclosures also show why the distinction matters. In the Siemens and Mercedes-Benz cases, the consideration paid through market purchases and the amount ultimately borne by the issuer differed materially. ING Bank demonstrates the opposite direction of transfer, with the executing broker funding purchases above the issuer's contractual cap. These cases do not determine the scope of Article 5, but they demonstrate why the individual transactions, rights and settlements must be identified. The next section examines that public evidence.

6. What public disclosures already show

Public disclosures do not reveal enough to judge whether a programme was optimally designed or fairly priced. They do show that economics outside the market purchase amount can be material and can operate in either direction. [1]-[6]

Issuer	Period	Market purchases	Final issuer amount	Difference	Public explanation
Siemens	2018-2021	EUR 2.541bn	EUR 2.951bn	+EUR 410m +16.1%	Final payment to the executing bank.
Mercedes-Benz	2023-2024	EUR 6.803bn	EUR 6.992bn	+EUR 189m +2.8%	Expenditure including transaction costs.
Mercedes-Benz	2025-2026	EUR 2.000bn	EUR 2.092bn	+EUR 92m +4.6%	Expenditure including transaction costs.
ING	May-Oct 2023	EUR 1.566bn	EUR 1.500bn	-EUR 66m -4.2%	Broker funded purchases above issuer cap.

Important limitation. The differences above are not estimates of avoidable execution cost or intermediary profit. They may reflect fees, hedging, timing protection, contractual risk transfer, a performance formula or another component. The cases establish that the exchange prints can be an incomplete economic record.

Siemens: a material final adjustment

Siemens reported 29,385,132 shares acquired, final consideration of EUR 2.951 billion and an average acquisition cost of EUR 100.42. Its report records a EUR 410 million final payment to the executing bank. Their daily trading activity reports show the value of their market purchases of approximately EUR 2.541 billion. The disclosure does not explain enough of the benchmark, risk allocation or alternative execution path to evaluate the outcome. [1]

Mercedes-Benz: the issue remains current

Mercedes-Benz's 2023-2024 programmes acquired 106,933,744 shares for EUR 6.80 billion on exchange. Its 2025 annual report records EUR 6.992 billion including transaction costs, a difference of approximately EUR 189 million. [2]-[3]

The programme completed on 1 June 2026 acquired 37,604,169 shares for EUR 2 billion excluding incidental costs. The Q2 2026 interim report records EUR 2.092 billion including transaction costs, a difference of approximately EUR 92 million. The public material does not disaggregate that label sufficiently to identify its components. [4]-[5]

ING: performance arrangements can favour the issuer

ING's May-October 2023 programme acquired EUR 1.566 billion of shares, 104.41% of the announced EUR 1.5 billion programme. ING states that the excess resulted from performance arrangements, including the average price per share; that its own consideration was capped at EUR 1.5 billion; and that the executing broker funded the additional purchases. Figure 2 raises two immediate questions: what explains the abrupt change in pace, and how did that change relate to the ex-dividend date? [6]

The structure was repeated in the programme completed in April 2026. The broker acquired EUR 1.1036 billion of shares, while ING's consideration was capped at EUR 1.1 billion. ING reports an effective average price of EUR 23.38 against an average market purchase price of EUR 23.46. [6]

Limits of the evidence

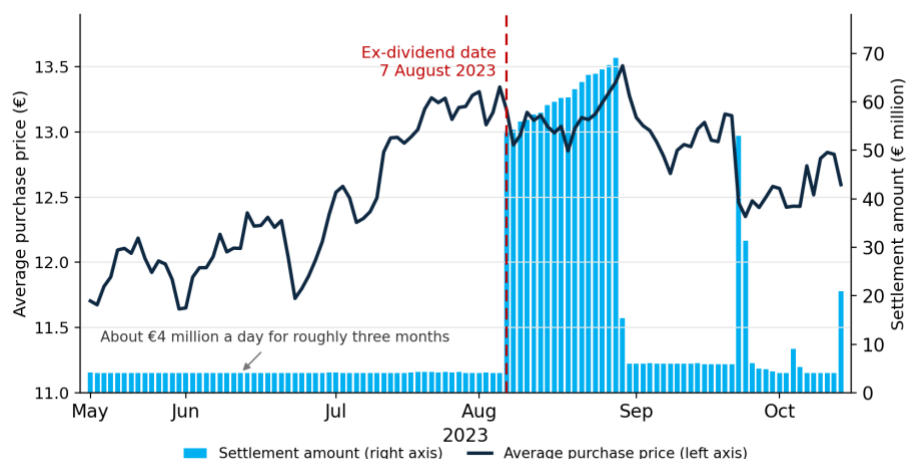
- The complete economics of a programme can differ materially from the sum of market purchases.
- The adjustment can increase or reduce the issuer's final consideration.
- Different contracts can allocate market, timing and benchmark risk in materially different ways.
- Completion-level reconciliation is necessary before programmes or execution mechanisms can be compared.

What the evidence does not establish

- It does not establish that any payment was avoidable, excessive or improperly earned.
- It does not reveal the intermediary's hedging costs, capital usage or net profit.
- It does not permit a like-for-like ranking without the contractual benchmark, decision rights and a reasonable counterfactual.

This distinction we think is important. The €410 million figure is not a verdict on Siemens or its bank. It demonstrates why market structure, and disclosure should allow such outcomes to be identified, reconciled and governed consistently.

Fig 2. ING's 2023 €1.5bn share repurchase



7. Implications for ESMA

Taken together, the scale of open-market buybacks, the public evidence from Siemens, Mercedes-Benz and ING, and the recurring frictions identified in this note warrant ESMA's attention and, in our view, regulatory action. The appropriate form of that response is for ESMA to determine. The evidence nevertheless points to several areas that merit consideration.

These issues sit directly within ESMA's responsibilities for orderly markets, supervisory convergence and equal conditions of competition. For open-market buybacks, the central question is whether the current framework allows issuers to obtain efficient execution, access competing sources of liquidity under equivalent safeguards and demonstrate the resulting outcome to shareholders.

For open-market buybacks, that question has two dimensions: whether execution mechanisms can compete for issuer flow under equivalent safeguards, and whether an issuer order can access liquidity on terms as close as practicable to those available to a comparable institutional order. The relevant outcomes are price formation, resilience, accessible liquidity, market integrity and execution quality. The proportion executed through any one mechanism is an indicator, rather than the policy objective.

Issues raised by the evidence	Possible regulatory direction
Programme identification	A consistent programme identifier linking the announcement, transactions, public updates, pauses and completion.
Public disclosure timing	Prompt, granular reporting to national competent authorities, combined with suitably delayed or aggregated public reporting during execution where necessary to avoid exposing unfinished orders.
Addressable liquidity and competition	Clarification of how open-market buybacks may access lit books, auctions, periodic matching, systematic internalisers and bilateral risk under equivalent, outcomes-based safeguards, and of the market-integrity or price-formation justification for any difference from comparable institutional orders.
Completion accountability	A standard completion reconciliation covering market purchases, fees, incidental costs, contractual adjustments, final consideration and effective acquisition price.
Issuer governance	Clearer expectations for documented objectives, mandate selection, benchmark suitability, execution alternatives, intermediary incentives and board-level review of the all-in outcome.
Structured mandates and MAR	Component-by-component clarification of how the Article 5 safe harbour applies to issuer purchases, broker hedges, settlement transfers and contractual balancing payments, together with clearer ex ante treatment of benchmark construction, discretion, principal risk and scenario outcomes.

Areas suggested for ESMA's consideration

This paper invites ESMA to recognise issuer's share buyback execution as a material end-user market-structure outcome and to consider whether the current EU framework adequately supports execution quality, competition and shareholder value.

The evidence suggests that particular attention should be given to programme identification, execution-stage public disclosure, access to liquidity under equivalent safeguards, completion-level reconciliation, issuer governance and the application of the MAR safe harbour to the individual components of structured mandates. Existing transaction data and public programme disclosures provide a sufficient basis for ESMA to develop an appropriate regulatory response.

Candor Partners would be pleased to provide the underlying public reconciliations, explain the issues identified in this note and contribute practitioner evidence to ESMA's consideration of these questions.

Conclusion

The competitiveness of a public equity market depends not only on how well it attracts capital, but also on how efficiently it returns capital to the investors who own it. That second half of the question has received far less attention.

Share buybacks have become one of Europe's largest recurring capital flows. Their execution determines how many shares a fixed amount of corporate cash retires. Public disclosures show that execution design and contractual settlement can change the economics materially. Market structure creates identifiable channels through which further value may be lost: predictable demand, restricted liquidity and time risk, and benchmarks or optionality that may not align cleanly with the issuer's objective.

The effect on the valuation of any one company is likely to be modest. Across the market, however, the friction recurs, compounds against the long-term investors Europe wants to attract and can weaken the price-supporting effect of issuer demand. It is also comparatively practical to measure and address.

Siemens' €410 million payment is therefore not the conclusion. It is the question. How can an economically material part of one of Europe's largest uses of corporate capital pass through the market without a common framework for

determining whether it served shareholders? If Europe wants deeper, more valuable and more competitive public equity markets, ESMA should now act to ensure that open-market buyback execution is efficient, contestable and accountable.

Scope and caution. This is an economic and market-structure paper prepared from public information by market practitioners. It is not legal advice. It makes no allegation of misconduct and does not infer intermediary profit or avoidable cost from a reported reconciliation difference.

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