



WORKING PAPER

Should Information be Sold Separately? Evidence from MiFID II

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Information production is key to the efficiency of financial markets. Does selling information separately improve its production? We investigate this question using MiFID II, a European regulation that unbundles research from transactions. We show that unbundling causes fewer research analysts to cover a firm. This decrease does not come from small- or mid-cap firms but is concentrated in large firms. Surprisingly, the reduction in analyst coverage is accompanied by a decrease in forecast error. Further analyses suggest that analyst competition enhancement could drive the results: inaccurate analysts drop out, and analysts who stay produce more accurate research.

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