

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 22/10/2013 - Final act

PURPOSE: to harmonise transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (Directive "Transparency 2").

LEGISLATIVE ACT: Directive 2013/50/EU of the European Parliament and of the Council amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC.

CONTENT: the directive updates the transparency requirements introduced in 2004 for the issuers of securities on regulated markets and aims to ensure a high level of investor confidence throughout the EU. It requires issuers of securities to publish periodic financial information on their results throughout the year and continuous information on major holdings of voting rights.

The main amendments introduced are the following:

Simplification and reduction of the administrative burden: the new directive aims to reduce the administrative burden associated with obligations linked to admission to trading on a regulated market for small and medium-sized issuers in order to improve their access to capital. To this end, it **removes the obligations to publish interim management statements or quarterly financial reports**.

The home Member State may make an issuer subject to requirements more stringent than those laid down in this directive, except that it may not require issuers to publish periodic financial information on a more frequent basis than the **annual financial reports** and the **half-yearly financial reports**.

The issuer should make public its annual financial report **at the latest four months after the end of each financial year**; this report should remain publicly available for at least 10 years.

Notification of major holdings of voting rights: with the aim to improve legal certainty, enhance transparency and reduce the administrative burden for cross-border investors, the directive provides a **harmonised regime** for notification of major holdings of voting rights, especially regarding the aggregation of holdings of shares with holdings of financial instruments.

Report on payments to governments: the directive requires **issuers active in the extractive industries** (gas, oil and minerals) or **logging of primary forest industries**, to prepare on an annual basis, a separate report on payments made to governments in the countries where they operate. This obligation flows from a commitment made by members of the G8 at Deauville in May 2011.

Sanctions: the directive harmonises the legal frameworks of the Member States concerning administrative sanctions, in laying down minimum common standards for key essential aspects of sanctions regimes.

The competent authorities have the power to impose at least the following administrative measures and sanctions: (a) a **public statement** indicating the natural person or the legal entity responsible and the

nature of the breach; (b) an **order** requiring the natural person or the legal entity responsible to cease the conduct constituting the breach and to desist from any repetition of that conduct; (c) **administrative pecuniary sanctions** (for example, up to EUR 10000000 or up to 5 % of the total annual turnover in the case of a moral person and up to EUR 2000000 in the case of a natural person).

The competent authorities must **publish without undue delay** every decision on sanctions and measures imposed for a breach of this directive, including at least information on the type and nature of the breach and the identity of natural persons or legal entities responsible for it.

Revision: by 27 November 2015, the Commission should report on the operation of this Directive to the European Parliament and the Council, including on its impact on small and medium-sized issuers, as well as on the application of sanctions; it should also review the effectiveness of the retained method for the purposes of calculating the number of voting rights relating to the financial instruments referred to in Directive 2004/109/EC.

ENTRY INTO FORCE: 26/11/2013.

TRANSPOSITION: 26/11/2015.