EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic

2020/0155(COD) - 19/11/2020 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic.

As a reminder, the amendments to the Prospectus Regulation aim to create the EU Recovery Prospectus as a short form prospectus and to introduce targeted adjustments for financial intermediaries. The aim is to enable companies to quickly access new financing in order to contribute to economic recovery after the COVID-19 pandemic.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Duration of the derogation

Under the amended text, the EU Recovery prospectus is limited to the recovery phase, the regime of this prospectus should expire by 31 December 2022.

EU Recovery Prospectus

Companies that have had shares admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months could choose to draw up an EU recovery prospectus under the simplified regime.

The prospectus should contain the relevant simplified information necessary for investors to understand:

- the prospects and financial performance of the issuer and the significant changes in the financial and business position of the issuer that have occurred since the end of the last financial year, if any, as well as its long term business strategy and objectives, both financial and non-financial; the issuer should include, if applicable, a specific reference of not less than 400 words to the financial and business impact of COVID-19 on the issuer and a statement regarding the anticipated future impact of the same;

- the essential information on the shares, the rights attached to the shares, including any limitations on those rights, the reasons for the issuance and its impact on the overall capital structure of the issuer, disclosure of capitalisation and indebtedness, a working capital statement, and the use of proceeds.

The information contained in the EU Recovery prospectus should enable investors, especially non-professional investors, to make an informed investment decision.

Right of withdrawal

Where the prospectus relates to an offer of securities to the public, investors who have already agreed to purchase or subscribe for the securities before the supplement is published should have the right,

exercisable within three working days after the publication of the supplement, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first.

The right to withdraw is exercisable within three working days of the publication of the supplement.

Evaluation report

The report should include, *inter alia*, the following:

- the number of EU Growth prospectuses approved and an analysis of the evolution of such number, as well as an estimate of the actual additional market capitalisation mobilised by such prospectuses at the point of issue in order to gather experience about the EU Recovery prospectus for post-evaluation;

- the cost of preparing and having an EU Recovery prospectus approved compared to the current costs for a standard prospectus, a secondary issuance prospectus and an EU Growth prospectus, together with an indication of the overall financial savings achieved and of which costs could be further reduced, and the total costs of complying with this Regulation for issuers, offerors and financial intermediaries together with the calculation of those costs as a percentage of operational costs.