Increasing the attractiveness of public capital markets and facilitating access to capital for SMEs – amending certain Regulations

2022/0411(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 533 votes to 31, with 28 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2017 /1129, (EU) No 596/2014 and (EU) No 600/2014 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Obligation to publish a prospectus and exemptions

Securities should only be offered to the public in the Union after prior publication of a prospectus in accordance with Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

An offer of securities to the public should be **exempted** from the obligation to publish a prospectus provided that the total aggregated consideration in the Union for the securities offered is **less than EUR 12 000 000 per issuer or offeror calculated over a period of 12 months**.

By way of derogation, Member States may exempt an offer of securities to the public from the obligation to publish a prospectus provided that the total aggregated consideration in the Union for the securities offered is **less than EUR 5 000 000** per issuer or offeror calculated over a period of 12 months.

Member States should notify the Commission and ESMA where they decide to apply the exemption threshold of EUR 5 000 000. Member States should also notify the Commission and ESMA where they subsequently decide to adopt instead the exemption threshold of EUR 12 000 000.

The prospectus should be a document of a standardised format and the information disclosed in it should written and presented in an **easily analysable, concise and comprehensible form**.

A prospectus that relates to shares should be of a maximum length of 300 sides of A4-sized paper when printed and should be presented and laid out in a way that is easy to read, using characters of readable size.

EU Follow-on prospectus

The following persons may draw up an EU Follow-on prospectus in the case of an offer of securities to the public or of an admission to trading of securities on a regulated market:

- issuers whose securities have been admitted to trading on a regulated market continuously for at least the 18 months preceding the offer to the public or the admission to trading on a regulated market of the new securities;

- issuers whose securities have been admitted to trading on an SME growth market continuously for at least the 18 months preceding the offer to the public of the new securities;

- issuers who seek admission to trading on a regulated market of securities fungible with securities that have been admitted to trading on an SME growth market continuously for at least the last 18 months preceding the admission to trading of the securities.

The information contained in the EU Follow-on prospectus should be written and presented in an easily analysable, concise and comprehensible form and should enable investors to make an informed investment decision.

An EU Follow-on prospectus that relates to shares should be of a maximum length of 50 sides of A4-sized paper when printed and should be presented and laid out in a way that is easy to read, using characters of readable size.

EU Growth issuance prospectus

SMEs, issuers, other than SMEs, whose securities are, or are to be, admitted to trading on an SME growth market may draw up an EU Growth issuance prospectus in the case of an offer of securities to the public, provided that they have no securities admitted to trading on a regulated market.

An EU Growth issuance prospectus that relates to shares should be of a maximum length of 75 sides of A4-sized paper when printed and should be presented and laid out in a way that is easy to read, using characters of readable size.

The Commission should, by 15 months from the date of entry into force of this amending Regulation, adopt **delegated acts** to supplement this Regulation by specifying the reduced content and the standardised format and sequence for the EU Follow-on prospectus.

Examination and approval of the prospectus

Where the competent authority fails to take a decision on the prospectus within the time limits, it should notify the issuer, the offeror or the person asking for admission to trading on a regulated market, and ESMA, of the reasons for failing to take a decision. Such failure should not be deemed to constitute approval of the application.

Greater role for the European Securities and Markets Authority (ESMA)

ESMA should play an increasingly important role in establishing guidelines and regulatory technical standards to ensure flexibility and responsiveness to market outcomes, while continuing to guarantee investor protection.

Consequently, the amended text states that ESMA should:

- develop **guidelines** on comprehensibility and plain language in prospectuses to ensure that the information provided is concise, clear and user-friendly;

- develop draft **implementing technical standards** to specify the format and layout of prospectuses, including font size and style requirements, depending on the type of prospectus and the type of investors targeted. ESMA should submit these draft implementing technical standards to the Commission no later than twelve months from the date of entry into force of this amending regulation.

Report

The Commission should present a report to the European Parliament and the Council no later than 31 December 2025, analysing the issue of liability for information provided in a prospectus, assessing

whether further harmonisation of prospectus liability in the EU could be warranted and, if appropriate, proposing amendments to the liability provisions.

Transitional provisions

Prospectuses approved up to eighteen months less one day from the date of entry into force of this amending Regulation should continue to be governed, until the end of their validity, by the version of this Regulation in force on the day of their approval.