

Capital market: prospectus to be published for securities

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This document comprises of the opinion of the European Central Bank on the proposal for the prospectus to be published when securities are offered to the public or admitted to trading. To recall, the main objective of the proposed Directive is the introduction of a single passport for issuers offering securities at European Union level. The ECB generally welcomes and supports the aims pursued by the proposed Directive, as the ECB sees the proposal as an effective means of advancing European financial markets integration. The Eurosystem has a keen interest in the developments of financial markets. The achievement of the primary objective of the Eurosystem, the maintenance of price stability, requires that monetary policy impulses be transmitted in a smooth way throughout the euro area by means of integrated and efficient financial markets. Securities markets, together with the unsecured money market and the banking sector, play a key role in this respect. The existence of some degree of segmentation of financial markets in the jurisdiction of a central bank is not an uncommon phenomenon. However, obstacles to the integration of securities markets in the euro area may slow down or distort the transmission of monetary impulses to the economy. The European Central Bank considers that it is in the interest of the Eurosystem that obstacles to the integration of securities markets do not thwart the full benefits of EMU. European securities markets will become more liquid, therefore attracting more investments and also more issuers from third countries. The proposed Directive will improve market access for raising capital in the EU and eliminate existing obstacles to crossborder offering of securities. It should also be noted that the introduction of harmonised and enhanced disclosure standards in line with international standards for public offer of securities and admission to trading is likely to increase investor confidence, in particular as regards investing on an EU-wide basis. However, a high level of disclosure has to be balanced against the need for an efficient issuance company and the type of security issued. The positive implications of the proposed Directive for both issuers and investors will enhance the ability of the financial markets to fulfil their function of efficient capital allocation, as they become more liquid and efficient. Moreover, the ECB holds the view that the enhancement of issuer disclosure will favour selection by investors of new investment projects and reduce information asymmetry, leading in turn to greater market liquidity. The ECB also notes that the abovementioned benefits are in principle a consequence of any enhancement in corporate disclosure. The ECB welcomes the proposed introduction of a harmonised definition of public offer, which will avoid different interpretations of Community rules and ensure the same level of investor protection throughout the EU. The ECB notes that Article 3(2) of the proposed Directive defines offers to which the obligation of publishing a prospectus does not apply as offers either to qualified investors for their account, or to a restricted circle of persons, or concerning securities which can be acquired only for a consideration of at least EUR 150 000 per investor. In this respect, the ECB welcomes the fact that clarification and adaptation of the exemptions are under comitology procedure in order to ensure the necessary degree of flexibility. In addition, the ECB notes that the definition of qualified investors should also include the ECB and the central banks of the Member States. The ECB notes that it appears desirable to clarify in the proposed Directive the regime applicable to public offers of debt securities issued by credit institutions.