

Capital market: prospectus to be published for securities

2001/0117(COD) - 04/11/2003 - Final act

PURPOSE : to harmonise requirements for the drawing up, approval and distribution of the prospectus and to ensure that adequate and equivalent disclosure standards are in place in all Member States when securities are made available to all European investors either through an offer to the public or because they are admitted to trading on a regulated market. **LEGISLATIVE ACT** : 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 amending Directive 2001/34/EC. **CONTENT** : Under previous EU rules, regulations and practices on prospectuses varied widely between European Member States. As a result EU capital markets have been fragmented and it has rarely proved possible to use the existing prospectuses to raise capital across frontiers within Europe. Additionally there was no European recognition system for securities falling outside the scope of the 80/390/EEC Directive. To this end, this Directive harmonises requirements for the drawing up, approval and distribution of the prospectus. It seeks to create a European passport for issuers by giving, Community-wide validity to the prospectus approved by the issuer's home competent authority, in order to facilitate the raising of capital for all types of issuer. The key features of the proposed Directive are the following: - definition of clear conditions related to the prospectus for offers to the public of securities and for admission to trading on a regulated market; - harmonisation of the essential definitions in order to avoid loopholes and different approaches, thus ensuring a level playing field throughout the EU; - the introduction of special EU rules for securities with an high minimum denomination (EUR 50 000), which are designed to be traded by professionals; - an adapted regime aimed at making things easier for small and medium-sized companies, which would not be obliged to draft a prospectus if only a small amount of securities is offered to the public; - disclosure standards based on international standards (IOSCO) with schedules adapted depending on the nature of the issuer and the type of securities involved, for example: equity securities such as shares, non-equity securities such as bonds, derivatives securities such as covered warrants, securities with a high minimum denomination and mortgage bonds; - the introduction of new prospectus formats for frequent issuers, notably for offering Euro Medium Term Notes, derivatives securities such as covered warrants, or for mortgage bonds issued on a continuous or repeated basis; - an effective regime for the "single passport". For companies to issue securities, or admit them to trading, in any EU Member State, they would simply need to notify the authorities in that country of their prospectus and show that the appropriate authority in another Member State has already approved it. **ENTRY INTO FORCE** : 31/12/03. **DATE OF TRANPOSITION** : 01/07/05.