Basic information

2020/0155(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic Amending Regulation 2017/1129 2015/0268(COD) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.08 Financial services, financial reporting and auditing 4.60.06 Consumers' economic and legal interests **Legislative priorities** Joint Declaration 2021 The EU's response to the Covid-19 pandemic	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	KOVAŘÍK Ondřej (Renew)	07/09/2020
	Shadow rapporteur PIETIKÄINEN Sirpa (EPP) SANT Alfred (S&D) URTASUN Ernest (Greens/EFA) JURZYCA Eugen (ECR) MEUTHEN Jörg (ID)	

Committee for opinion	Rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	JORON Virginie (ID)	02/09/2020

Council of the European Union

European Commission

Commission DG	Commissioner
Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
24/07/2020	Legislative proposal published	COM(2020)0281	Summary
14/09/2020	Committee referral announced in Parliament, 1st reading		
19/11/2020	Vote in committee, 1st reading		
19/11/2020	Committee report tabled for plenary, 1st reading	A9-0228/2020	Summary
19/11/2020	Committee decision to open interinstitutional negotiations with report adopted in committee		
23/11/2020	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
25/11/2020	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
14/01/2021	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE663.016	
10/02/2021	Results of vote in Parliament		
10/02/2021	Debate in Parliament		
11/02/2021	Decision by Parliament, 1st reading	T9-0047/2021	Summary
15/02/2021	Act adopted by Council after Parliament's 1st reading		
16/02/2021	Final act signed		
16/02/2021	End of procedure in Parliament		
26/02/2021	Final act published in Official Journal		

Technical information

Procedure reference	2020/0155(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation 2017/1129 2015/0268(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/03672

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE658.908	08/10/2020	
Amendments tabled in committee		PE660.110	29/10/2020	
Committee opinion	IMCO	PE658.733	11/11/2020	
Committee report tabled for plenary, 1st reading/single reading		A9-0228/2020	19/11/2020	Summary
Text agreed during interinstitutional negotiations		PE663.016	16/12/2020	
Text adopted by Parliament, 1st reading/single reading		T9-0047/2021	11/02/2021	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00072/2020/LEX	16/02/2021	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2020)0281	24/07/2020	Summary
Document attached to the procedure	SWD(2020)0120	27/07/2020	
Commission response to text adopted in plenary	SP(2021)133	23/03/2021	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	ES_PARLIAMENT	COM(2020)0281	23/10/2020	
Contribution	PT_PARLIAMENT	COM(2020)0281	27/10/2020	
Contribution	IT_CHAMBER	COM(2020)0281	08/03/2021	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES3577/2020	29/10/2020	

Additional information

Source	Document	Date
European Parliament	Briefing	18/11/2020
European Commission	EUR-Lex	

Final act

Regulation 2021/0337
OJ L 068 26.02.2021, p. 0001

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.

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

2020/0155(COD) - 11/02/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 585 votes to 50, with 55 abstentions, a legislative resolution 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.

Parliament adopted its position at first reading in accordance with the ordinary legislative procedure by amending the Commission proposal as follows:

EU Recovery Prospectus

The new simplified prospectus, known as the ‘EU Recovery Prospectus’, while addressing to the economic and financial challenges specifically raised by the COVID-19 pandemic, should be easy to produce for issuers, easy to understand for investors, in particular retail investors, who wish to finance issuers, and easy to scrutinise and approve for the competent authorities.

Under the amended text, offerors of shares admitted to trading on a regulated market or an SME growth market without interruption for at least the last 18 months would be able to choose to draw up an EU recovery prospectus under the simplified regime.

The use of the EU Recovery prospectus should therefore be limited to offers comprising no more than 150 % of outstanding capital.

As the EU Recovery prospectus regime is limited to the recovery phase, that regime should expire by 31 December 2022.

Less information

The prospectus should contain the relevant reduced information which is necessary to enable 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;

- its financial and non-financial long-term business strategy and objectives, including, if applicable, a specific reference of not less than 400 words to the business and financial impact of the COVID-19 pandemic on the issuer and the anticipated future impact of the same;

- the essential information on the shares, including the rights attached to those shares and any limitations on those rights, the reasons for the issuance and its impact on the issuer, including on the overall capital

structure of the issuer, as well as a disclosure of capitalisation and indebtedness, a working capital statement, and the use of proceeds.

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, to withdraw their acceptances, 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 supplement shall contain a prominent statement concerning the right of withdrawal.

In order to provide relief and free-up resources for financial intermediaries while maintaining a high level of investor protection, it is specified that financial intermediaries should contact investors who

purchase or subscribe securities at the latest at the closing of the initial offer period.

Evaluation report

Parliament specified that the report should include, inter alia:

- an estimate of the actual additional market capitalisation mobilised by EU Recovery prospectuses at the date of issue in order to gather experience about the EU Recovery prospectus for post-evaluation;

- an indication of the overall financial savings achieved and cost reductions still possible, and the total costs of compliance with the Regulation for issuers, offerors and financial intermediaries and a calculation of these costs as a percentage of operational costs;

- an analysis of whether it is appropriate to extend the duration of the EU recovery prospectus regime and whether the planned measures have achieved the objective of providing more clarity and flexibility for financial intermediaries and investors alike.

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

2020/0155(COD) - 24/07/2020 - Legislative proposal

PURPOSE: to create a new simplified prospectus (the 'EU Recovery Prospectus') and to introduce targeted changes for financial intermediaries to support recovery from the COVID-19 pandemic.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation (EU) 2017/1129 of the European Parliament and of the Council lays down the requirements for the drawing up, approval and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market in the Union.

In order to swiftly address the serious economic impact of the COVID-19 pandemic, measures shall be introduced to facilitate investment in the real economy, to promote rapid recapitalisation of companies in the EU and enable issuers to tap into public stock markets at an early stage of the recovery process. To achieve these objectives, the Commission proposes to create a new simplified prospectus for known issuers, designed to facilitate the raising of capital on stock markets.

This legislative proposal on amendments to the Prospectus Regulation is part of a 'Capital Markets Stimulus Package' aimed at facilitating economic recovery post-COVID-19, which also includes legislative proposals to amend the Markets in Financial Instruments Directive (MiFID II) and the Capital Requirements Regulation.

CONTENT: the amendments to the Prospectus Regulation aim to create the EU recovery prospectus as a short form prospectus and to introduce targeted amendments 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. In particular, the aim is to help companies raise capital more easily and, therefore, reduce their debt-to-equity ratios, thereby helping them stay solvent.

EU Recovery prospectus

The objective of the EU Recovery prospectus is to provide listed issuers with simplified disclosure rules that are tailored to their specific needs in a post-crisis environment while maintaining the prospectus as a relevant tool for informing potential investors.

This shortened prospectus, reduced to a maximum of 30 pages:

- shall be easy to produce for issuers, easy to read for investors and easy to scrutinise for national competent authorities;

- shall focus on the essential information investors need to make informed decisions and may be used by issuers who have been listed for at least 18 months and who wish to issue shares;

- shall benefit from the EU passport mechanism, which means that all EU investors who wish to do so all be able to finance companies using it.

The deadline for approving the EU's recovery prospectus shall be reduced to 5 working days to allow issuers to quickly seize opportunities to raise capital.

Financial intermediaries

A second set of targeted changes aims to alleviate the pressure on financial intermediaries (such as commercial and investment banks) which play a key role in financing the recovery of the real economy.

- Firstly, the proposal clarifies the obligations of financial intermediaries with regard to the 'supplements' that must be published in addition to the prospectus under certain conditions, when a new factor or a material mistake or inaccuracy in the information contained in the prospectus is identified.

After the publication of a supplement, the financial intermediary shall only contact investors with a withdrawal right. The proposal also extends the time limit for financial intermediaries to contact investors to 1 working day from the publication of the supplement and extends the period during which a right of withdrawal may be exercised by investors to 3 working days from the publication of the supplement.

- Secondly, the proposed amendments aim to support the financing of credit institutions in the takeover phase by increasing the threshold for the exemption from the obligation to publish a prospectus for certain types of securities offers. The Commission therefore proposes a targeted increase of the threshold from EUR 75 million to EUR 150 million per credit institution over a 12-month period.

Temporary scheme

The EU Recovery prospectus aims to facilitate recapitalisation during the recovery phase. It is therefore a temporary scheme that would expire 18 months after the date of application of the Regulation. The Commission shall, by 21 July 2022 at the latest, present a report on the application of the Regulation, accompanied, if appropriate, by a legislative proposal.