

ESMA proposes simplifications for prospectuses

The three CPs contain draft technical advice on the format and content of the prospectus, on the EU growth prospectus and on scrutiny and approval. The key draft proposals for consultation include:

- **Consultation Paper on the format and content of the prospectus (ESMA31-62-532)**

For prospectuses required when securities are offered to the public or admitted to trading on a regulated market, ESMA proposes largely maintaining the existing regime but also proposes a number of targeted alleviations in order to reduce the burden and costs on issuers (e.g. by removing the requirement for a report by auditors or independent accountants on profit forecasts).

ESMA has also developed draft requirements for the new Universal Registration Document (URD). The proposed contents of the URD, which will operate as a type of shelf registration document, are based on the requirements for the share registration document. In terms of secondary issuance, ESMA has proposed reduced disclosure in order to take greater account of publicly available information, particularly in the case of registration documents.

In addition, ESMA has endeavoured to align requirements and terminology with other directives wherever possible.

- **Consultation Paper on EU Growth prospectus (ESMA31-62-649)**

ESMA has also developed draft technical advice dealing with the format and content of the Small and Medium Enterprises (SME) focused EU Growth prospectus, identifying the minimum disclosure requirements, their order of presentation and the format and content of the specific summary. ESMA, in order to ensure a proportionate regime for SMEs, has adapted individual disclosure items to issuers' size and the complexity of their operations.

The proposal, which aims to alleviate the length and complexity of prospectus content, consists of a schedule for registration document information and a separate schedule for information concerning the securities, each of which can be used for both equity and non-equity issuance. Furthermore, the proposal aims to balance the needs of smaller issuers with the protection of investors and the need of investors to have a complete picture of any prospective investment.

- **Consultation Paper on scrutiny and approval (ESMA31-62-650)**

The final set of draft technical advice sets out criteria for scrutiny and procedures for approval and filing of the prospectus. ESMA proposes that standard criteria for scrutiny of the completeness, comprehensibility and consistency of the prospectus are adopted and that, beyond these standard

criteria, NCAs are afforded a certain level of flexibility. ESMA considers that such flexibility is necessary to ensure investor protection. As regards approval and filing, ESMA proposes procedures to be adhered to by both market participants and NCAs, which are largely based on the existing provisions of Commission Delegated Regulation 2016/301 with a number of amendments to reflect changes in the Level 1 text.

Next steps

The consultations close on 28 September 2017, and ESMA will deliver the technical advice to the European Commission by 31 March 2018.