

ESMA proposes simplifications to prospectuses format and content

The TA covers the areas of format and content of prospectus, the EU growth prospectus and the scrutiny and approval of prospectus.

Steven Maijoor, Chair, said:

“The Prospectus Regulation, supporting the Capital Markets Union (CMU), aims to make it easier and cheaper for companies, and in particular smaller companies, to access capital and improve their prospectuses accessibility for investors. ESMA proposes a large number of simplifications and adaptations of the prospectus regime, aimed at maintaining a strong level of investor protection while also opening up new possibilities for companies to diversify their financing.”

Format and content of prospectus

The advice takes as a starting point the existing prospectus regime, largely proposing to maintain what has proved to be a set of requirements that works well. ESMA sets out a number of changes aimed at easing requirements for issuers, with a view to reducing the cost and administrative burden in using a prospectus, as well as a number of additional disclosure requirements that are deemed necessary for investor protection.

In addition, ESMA has developed the content of the new Universal Registration Document (URD), a new registration document for issuers of securities that are listed on a regulated market or an MTF. This URD is intended to function as a useful *shelf* registration document, allowing issuers to quickly offer securities to the market.

In terms of secondary issuance, the technical advice proposes alleviated disclosure requirements by better taking into account already publicly available information.

Format and content of the EU Growth prospectus

The technical advice identifies the minimum disclosure requirements for the EU Growth prospectus, the order in which they should be presented, and the format and content of the specific summary. In order to ensure a proportionate regime for SMEs, ESMA has adapted the disclosure requirements to the issuer's size and the complexity of its operations and balanced them against the needs of investor protection.

Scrutiny and approval of the prospectus:

The final set of 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 should be adopted, and that, beyond these

standard criteria, NCAs should be afforded a certain level of flexibility, which in ESMA's view is necessary to ensure investor protection.

As regards approval and filing, ESMA proposes procedures that 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 EC sought technical advice on possible delegated acts to supplement certain elements of the new Prospectus Regulation. Subject to endorsement by the EC, the technical advice will form the basis for the delegated acts to be adopted by the EC by 21 January 2019.