



July, 2017

Publication of EU Prospectus Regulation

The Prospectus Regulation (EU 2017/1129) (“PR”) was published in the Official Journal of the European Union on 30th June 2017, and will replace the existing regime for the approval of Prospectuses under Directive (2003/71/EC) (as amended).

The main objectives of the PR, a key part of the EU Capital Markets Union framework, are to increase access to capital markets, facilitate pan-European offers of debt and equity securities and facilitate access to listings on European markets. The PR also aims to simplify requirements for smaller offerings and SMEs.

The PR is a full overhaul of the Prospectus Directive regime, which initially came into force in 2005, and was updated in 2011. It includes some material changes in approach, with a view to unlocking funding for businesses and providing more opportunities for investors in the EU.

The PR will have direct effect in EU Member States, entering into force on 20th July 2017, and applying from 21 July 2019, with certain exceptions as set out under “Key Dates” below.

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Summary of the PR Regime

- **Wholesale debt.** The scope of the wholesale regime has been extended to include offers aimed solely at qualifying investors. Offers to the public with minimum denominations of \$100,000 and offers to qualifying investors will continue to avoid the “public offer trigger” unless the securities make application to list on a regulated market.¹ The wholesale regime also continues to provide for reduced disclosure, including an exemption from the requirement to include a summary.²
- **Summary Requirements.** More prescriptive requirements including specified categories of information, disclosure of the most relevant 15 risk factors and a limit of 7 A4 pages.³
- **Smaller Capital Raisings.** No prospectus will be required for capital raisings and crowdfunding projects of up to €1 million (increased from €500,000)⁴. Member States will have the discretion to exempt from the prospectus requirement (or instead impose minimum disclosure requirements on) domestic issues of securities with total consideration of up to €8m over 12 months (up from €5m).⁵
- **Secondary Issuances.** The threshold exemption for further issuances of securities already listed on a regulated market will be increased to 20% of the number of securities already admitted to trading over a period of 12 months.⁶ The scope of the exemption is widened from “shares” to “securities” admitted to trading. In addition, a simplified prospectus regime will apply to issuers with fungible securities already listed on a regulated market or SME for at least 18 months.⁷
- **EU Growth Prospectus Regime.** A simplified proportionate disclosure regime for SME markets, and other issuers making offers to the public of less than €20m in any 12 month period.⁸

¹ Article 1(4)(c)

² Article 7(1)

³ Article 7, Article 16

⁴ Article 1(3)

⁵ Article 3(2)

⁶ Article 1(5)

⁷ Article 14

⁸ Article 15

- **Optional fast track Universal Registration Document (“URD”).** Frequent issuers can use an annual URD to facilitate fast track approvals, similar to an SEC “shelf registration”.⁹
- **Increased scope for incorporation by reference.**¹⁰
- **Single access point for access to all EU approved Prospectuses** to be facilitated by ESMA to simplify access to information.¹¹
- **Paper Prospectuses will no longer be required, unless requested by an investor.**

Timeline

The PR apply in full from **21 July 2019**, with the following exceptions:

From 20 July 2017

The exemption on the requirement to produce a Prospectus for further issuances of securities of less than 10% of the number of securities already admitted to trading, over a period of 12 months, will be increased to 20%, with the scope of the exemption also changing from “shares” to “securities”.¹²

The exemption relating the publication of a Prospectus for convertible securities is also increased to 20% but will be calculated in respect of the number of shares of the same class already admitted to trading.¹³

From 21 July 2018

The exemption threshold for securities subject to a public offer across the EU over a period of 12 months will be increased to €1 million (up from €500,000).¹⁴

Member States will have discretion to exempt domestic public offers not exceeding €8 million, calculated over a 12 month period.¹⁵

⁹ Article 9

¹⁰ Article 19

¹¹ Article 21(6)

¹² Article 1(5)(a)

¹³ Article 1(5)(b)

¹⁴ Article 1(3)

¹⁵ Article 3(2)

Further Information

Level 2 provisions, including Regulatory Technical Standards due by July 2018, are being developed, which will provide further detail on the practical requirements.

The PR can be found at the following link:

[Prospectus Regulation \(EU/2017/1129\)](#)

For further information please contact your usual Dillon Eustace financial services contact.

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