



POSITION ON THE PROPOSAL FOR A PROSPECTUS REGULATION COM (2015) 583 FINAL

SUMMARY OF KEY MESSAGES

A prospectus should provide investors, in an easily and comprehensible form, with all information that is necessary to enable them making an informed investment decision. The information needs of investors are independent of the location where a company is listed. Eumedion, representing the interests of institutional investors who have more than € 4 trillion assets under managements and who invest in almost all European listed companies, therefore supports further harmonisation of the prospectus requirements throughout the European Union. Nevertheless, this further harmonisation should not go at the expense of an adequate level of investor protection. Against that background, Eumedion, would like to make some comments on the European Commission's proposal for a Prospectus Regulation and the draft report of the EP Economic and Monetary Affairs Committee's rapporteur Philippe De Backer.

Eumedion generally supports the proposal for a Prospectus Regulation. In particular Eumedion supports the proposals to create an uniform structure for the prospectus summary, the limitation of the number of risk factors that may be included in that summary to the five most material ones and the prohibition to incorporate information by reference in the summary (art. 7), the exclusion of SMEs admitted to trading on regulated markets from the scope of the minimum disclosure regime for SMEs (art. 15), the introduction of an obligation for issuers to group specific risk factors together and allocate them across categories based on levels of materiality (art. 16), the extension of the information that may be incorporated by reference in the prospectus (art. 18), the introduction of an online storage mechanism with a search tool that investors may use for free (art. 20) and the harmonised approach to sanctions (art. 30 and 36).

We have *concerns* regarding a number of proposals, particularly the following:

- 1) The proposal to raise the threshold for the prospectus exemption for secondary issuances of shares from 10 to 20 percent (art.1, par. 4). As a consequence issuers can raise high amounts from qualified investors without a prospectus. The proposal to raise this threshold detracts from the objectives of the Prospectus Regulation e.g. investor protection. A prospectus does not only inform new shareholders, it also provides decision critical information for existing shareholders. Issuance of shares dilutes the ownership of existing shareholders and may have a significant impact on the issuer's capital structure, prospects and financial situation. Eumedion believes that the existing threshold for the prospectus exemption for secondary issuances and the proposed minimum disclosure regime for

secondary issuances (art. 14) are sufficient. Therefore: **the threshold for the prospectus exemption for secondary issuances of shares should not be raised.**

- 2) The proposed 'exemption' from the obligation to separately publish annual and half-yearly financial reports when this information is integrated in an universal registration document (art. 9, par. 12). Apart from the risk that the integrated financial information will be fragmented over the universal registration document and as a consequence will be unnecessary inaccessible, investors will be forced to regularly check whether the integrated financial information is still up to date since issuers are allowed to update the universal registration document at any time (art. 9, par. 7). This will make it very cumbersome for investors to compare the financial reports. Eumedion believes that the underlying objective of the European Commission to avoid duplicative requirements, to alleviate unnecessary burdens and to concentrate the information investors need in one single document can already be reached by incorporating the most recent financial reports by reference (art. 9, par. 6). Therefore: **the 'exemption' from the obligation to separately publish financial reports when an universal registration document is used should be deleted.**
- 3) The proposal only excludes units issued by collective investment undertakings other than the closed-end type from the scope of the Prospectus Regulation (art. 1, par. 2 (a)). As a consequence there are closed-end collective investment undertakings that have to comply with the requirements of both the Prospectus Regulation and art. 23 of the AIFMD. No unreasonable costs should be imposed on closed-end collective investment undertakings. Therefore: **full support for amendment 28 of the draft report of the rapporteur which excludes units issued by all collective investment undertakings from the scope of the Prospectus Regulation.**

Some elements of the proposed regulation deserve to be *strengthened*, including the following:

- 1) The costs of an initial public offering - which mainly consist of fees agreed on with underwriters, advisers and the stock exchange - may form an obstacle to access the capital market. Transparency about those fees can make them more proportional and thereby can contribute to building the Capital Markets Union. Therefore: **the amount of the separate fees agreed on should be included in the prospectus, including the appropriate criteria and the maximum amounts for the variable components of those separate fees.**

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Eumedion's registration number with the European Commission and Parliament is: **65641341034-11**.