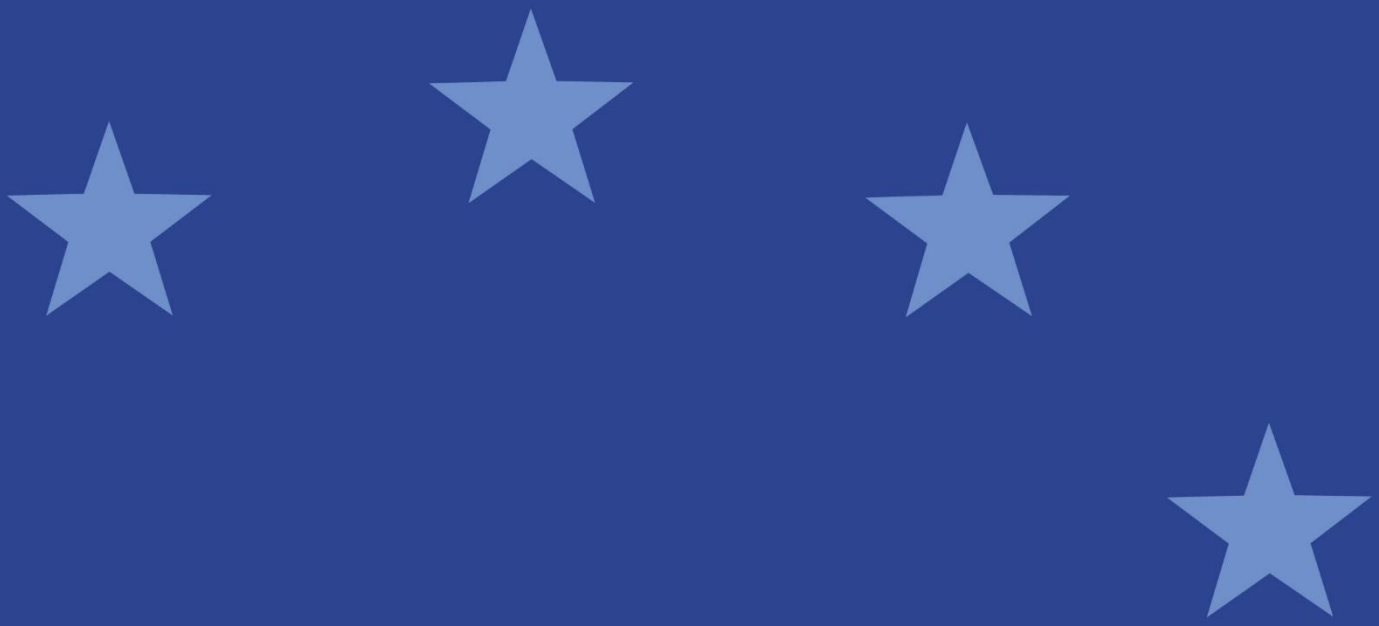
esma European Securities and Markets Authority

Final Report

Technical advice under the Prospectus Regulation



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Acronyms and definitions

Accounting Directive	Directive 2013/34/ EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC
AIFMD	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
APM	Alternative Performance Measures
APM Guidelines	ESMA Guidelines on Alternative Performance Measures (ESMA/2015/1415, 5 October 2015)
Audit Directive	Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts
Audit Regulation	Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC
Benchmark Regulation	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014
Bank Recovery and Resolution Directive / BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms

Capital Requirements Regulation / CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
CESR	Committee of European Securities Regulators
CMU	Capital Markets Union
Commission	European Commission
Commission Regulation	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements
Consultation Papers	Consultation Paper on format and content of the prospectus (ESMA31-62-532) Consultation Paper on content and format of the EU Growth prospectus (ESMA31-62-649) Consultation Paper on scrutiny and approval of the prospectus (ESMA31-62-650)
ESMA	European Securities and Markets Authority
IAS	International Accounting Standards
International Financial Reporting standards / IFRS	International Financial Reporting Standards (IFRS) as adopted in the EU pursuant to Regulation (EC) No 1606/2002 on the application of international accounting standards
IPO	Initial Public Offer
ISIN	International Securities Identification Number
KPI	Key Performance Indicators
LEI	Legal Entity Identifier
Market Abuse Regulation / MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on

	market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
MiFID II Delegated Regulation	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
MTF	Multilateral Trading Facility
M&A	Memorandum and Articles of Association
NCA	National Competent Authority
OFR	Operating and Financial Review
Omnibus II Directive	Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority)
PRIIPs Regulation	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)
Prospectus Directive / PD	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC

Prospectus Regulation / PR	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
RTS	Regulatory Technical Standards
Second Commission Delegated Regulation	Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 supplementing Directive 2003/71 of the European Parliament and of the Council with regard to Regulatory Technical Standards for approval and publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No 809/2004
SMEs	Small and Medium-sized Enterprises
SMSG	Securities and Markets Stakeholder Group
SPV	Special purpose vehicle
Takeover Bids Directive	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (as amended by Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013)
URD	Universal registration document

1. Executive summary

Reasons for publication

The Prospectus Regulation was published in the Official Journal of the European Union on 30 June 2017 and entered into force 20 days after its publication, on 20 July 2017. The regulation requires the European Commission ('Commission') to adopt delegated acts in a number of areas within 18 months of its entry into force.

On 28 February 2017, ESMA received a formal mandate[1] from the Commission seeking technical advice from ESMA in relation to amongst other things (a) the format and content of the prospectus, base prospectus and final terms including the minimum information required for the universal registration document and the reduced information requirements for secondary issuances; (b) the content, format and sequence of the EU Growth prospectus including its specific summary; (c) the scrutiny and approval of prospectuses and their constituent parts and the filing and review of the universal registration document.

ESMA published three Consultation Papers on 6 July 2017. This Final Report is the follow-up to those Consultation Papers.

Content

This Final Report is organised into two sections as well as a number of annexes.

Section 2 is an introductory section providing background information.

Section 3 is split into three sub-sections, which are dedicated to the areas for which the Commission requested technical advice from ESMA, namely the format and content of the prospectus; the content, format and sequence of the EU Growth prospectus and the scrutiny and approval of the prospectus. Each sub-section summarises the feedback provided by stakeholders to ESMA's 2017 Consultation Papers. Furthermore, it contains ESMA's responses in relation to the proposed amendments to the technical advice.

Annex I includes a list of the respondents, grouped by category. Annex II contains the Commission mandate to ESMA for technical advice. Annex III provides a cost-benefit analysis, while Annex IV sets out the opinion provided by ESMA's Securities and Markets Stakeholder Group ('SMSG') and Annex V contains ESMA's technical advice. Lastly, Annex VI includes the full list of the schedules and building blocks that are included in the technical advice.

[1] Request to ESMA for technical advice on possible delegated acts concerning the Regulation on the prospectus to be published (updated 26.01.2018).

Next steps

This Final Report will be delivered to the Commission and published on ESMA's website.

2. Introduction

2.1. Background

1. Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC ('the Prospectus Regulation' or 'the new Prospectus Regulation', or the 'Regulation') was published in the Official Journal of the European Union on 30 June 2017.

2. As set out in the Prospectus Regulation, the European Commission ('the Commission') is obliged to adopt delegated acts in a number of areas 18 months after entry into force of the Regulation. The Commission has requested ESMA to deliver the first part of its technical advice by 31 March 2018.

2.2. Mandate

3. On 28 February 2017, ESMA received a formal request from the Commission to provide technical advice to the Commission on possible delegated acts concerning the Prospectus Regulation (the 'mandate' (full text presented in Annex II)).

4. The mandate received was structured in two parts, with Part I (the subject of this Final Report and related consultation papers) focusing on the format and content of prospectuses, including the EU Growth prospectus, together with the criteria for scrutiny and review of prospectuses and the procedures for their approval. Part II of the mandate, which has an extended timetable for delivery, focuses on documents containing the minimum information required for a takeover by way of an exchange offer, a merger or a division, together with a request for advice regarding the general equivalence criteria that should be applied in respect of the information requirements imposed by third countries.

5. For the purposes of this Final Report, and specifically Part I of the mandate, ESMA was asked to provide technical advice for the following delegated acts:

    a) The measures specifying the criteria for the scrutiny of the universal registration document ('the URD') and its amendments, and the procedures for the approval, filing and review of those documents as well as the conditions where the status of frequent issuer is lost (Article 9(14) of the Prospectus Regulation);

    b) The measures specifying the format of the prospectus, the base prospectus and the final terms, and the schedules defining the specific information which must be included in a prospectus, including LEIs and ISINs (Article 13(1) of the Prospectus Regulation);

    c) The measures setting out the schedule defining the minimum information contained in the URD (Article 13(2) of the Prospectus Regulation);

d) The measures specifying the reduced information to be included in the schedules applicable under the simplified disclosure regime referred to in Article 14(1) for secondary issuances (Article 14(3) of the Prospectus Regulation);

e) The measures specifying the reduced content and standardised format and sequence for the EU Growth prospectus referred to in Article 15(1), as well as the reduced content and standardised format of its specific summary (Article 15(2) of the Prospectus Regulation);

f) The measures specifying the criteria for the scrutiny of prospectuses, in particular the completeness, comprehensibility and consistency of the information contained therein, and the procedures for the approval of the prospectus (Article 20(11) of the Prospectus Regulation).

6. The mandate also sets out a number of principles which ESMA is invited to take into account of when developing its advice. ESMA has been asked to provide advice that takes into account the Lamfalussy principles and the need to ensure the proper functioning of the internal market and improving the conditions of its functioning, particularly as regards financial markets and a high level of investor protection. The Commission also asks that the advice be clear, coherent, comprehensive and proportional. The technical advice should furthermore be justified by evidence, including a cost-benefit analysis, in cases where a range of technical options is available.

2.3. General remarks

7. On 6 July 2017 ESMA published three Consultation Papers containing draft technical advice on the format and content of the prospectus, the EU Growth prospectus and scrutiny and approval in order to seek the views of stakeholders on the proposed technical advice.

8. The consultation on Part I of ESMA's technical advice ended on 28 September 2017. In addition to receiving the opinion of the Securities and Markets Stakeholder Group (SMSG), ESMA received responses from 78 different entities. As the consultation was split in three, in order to facilitate responses to the three Consultation Papers, not all respondents replied to all papers. Excluding the response of the SMSG, ESMA received 65 responses in relation to format and content, 34 responses in relation to the EU Growth prospectus and 29 responses in relation to scrutiny and approval. The amount of responses to individual questions varied. A detailed list of the respondents, grouped by category, is provided in Annex I. The SMSG opinion to this consultation is included in Annex IV.

9. The answers to the consultation are available on ESMA's website unless respondents requested otherwise. ESMA welcomes the input provided and is appreciative of all the contributions received.

10. This Final Report provides an overview of the consultation responses to each question and contains the changes to the draft technical advice setting out the reasoning for such amendments in light of the feedback received.

3. Summary of feedback and amendments to the technical advice

3.1. Technical advice on content and format of the prospectus

11. This section addresses the responses received to the Consultation Paper on the format and content of the Prospectus[2] and all question numbers refer to that Consultation Paper. Where respondents provided similar or even identical input in response to more than one question, ESMA has addressed these comments only once in order to avoid unnecessary repetition. Lastly, citations to disclosure items are made with reference to the schedules contained in the Consultation Paper. Where citations are made in the amended technical advice this is clearly stated in the paper.

12. While not specifically requested in the mandate received from the Commission, ESMA is of the view that in conjunction with the schedules setting out the minimum contents of a prospectus, it will be necessary for the Commission to also develop operative provisions for any delegated act making it clear which schedules are applicable in relation to which types of security and how the schedules would need to be assembled. This should also take into account the schedules for the EU Growth Prospectus, the URD and for secondary issuances. The operative provisions of any new Level 2 regulation to be adopted should include articles similar to Articles 4 to 20 of the Commission Regulation, setting out the schedules to be used for different types of securities, together with an article similar to Article 21 of that Regulation regarding the mandatory combination of schedules and building blocks. As regards prospectuses for securities not envisaged by any proposal for a table of combinations, ESMA considers that further combinations should be available and that the combination of schedules and building blocks should be adapted accordingly. Moreover, in order to carry over the categorisation of information in final terms, ESMA is of the view that the delegated regulation to be adopted by the Commission should carry over the wording laid down in Articles 2a and 22(4) of the Commission Regulation.

13. Similarly, and while not related to format per se, ESMA is asked to carry forward the principles regarding the information that can be provided by issuers and that can be requested by NCAs (Articles 3 and 22(1), second subparagraph of the Commission Regulation). As regards the carry-over of these principles, ESMA considers that they

[2] Consultation Paper on draft technical advice on content and format of the prospectus (ESMA31-62-532).

strike an important balance between the ability of issuers to provide additional material information as they see fit while limiting the ability of competent authorities to require information not requested in the schedules. This, however, cannot be considered in isolation and needs to be tempered by the ability of NCAs to require adapted information in the case of certain categories of issuer (so-called specialist issuers) to ensure conformity with the obligation referred to in Article 6(1) of the Prospectus Regulation.

14. In addition to the above, and again though not expressly mentioned in the mandate, ESMA is of the view that, particularly in order to provide issuers with clarity and ensure that NCAs have the same understanding of similar provisions, it is important that the relevant definitions contained in the Commission Regulation are carried over to the new regime.

15. Finally, ESMA considers that it is also important that the provisions concerning complex financial history (Article 4a of the Commission Regulation) are carried over to the new regime. While consideration was given to including this as a disclosure item in a number of annexes, ESMA considers that it is in fact best placed in an article, as is the case in the existing regime. As part of this carry-over, and in the interest of investor protection, ESMA considers it important that NCAs be permitted to request any information on the relevant entity rather than simply financial information, and it is suggested that the relevant article be amended accordingly. As Regulation 211/2007/EC only allows the NCA to request financial information on the other entity (Article 4a.1 and 4a.2), ESMA's proposal would widen the scope to any other information required by the registration document and securities note schedules. ESMA therefore considers that the Level 2 measures would benefit from a recital setting out this change.

3.1.1. General remarks

16. In addition to responding to the specific questions, a number of respondents have provided general input on various topics touched upon in the Consultation Paper. These are addressed in the following section[3].

[3] Where respondents have provided input on topics addressed in other section of the Consultation Paper, their input is summarised under the appropriate question rather than in Section 3.1.1.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	2	2	8	3	12	5	6

17. 43 respondents provided general remarks in order to highlight their views as regards specific topics. A number of stakeholders supported ESMA's initiative to simplify the disclosure requirements of the prospectus whilst recognising that there is a balance to be struck between providing investors with the information they wish to receive and the burden imposed on the issuer in providing that information.

18. Furthermore, one respondent pointed out that supervisory convergence should be fostered in order for the new regime to work. They considered this as essential to avoid regulatory arbitrage, ensure harmonised practices and ensure an efficient approval process, which would create a level playing field for companies wanting to raise capital and an appropriate level of investor protection across the EU.

19. Certain respondents supported ESMA's initiative to streamline and reduce the number of schedules and also to carry forward some provisions of the Commission Regulation in order to ensure a smooth transition between the current and new regimes, and an efficient regulatory framework.

20. One respondent observed that Annex XXX of the Commission Regulation, which contained consent requirements for use of a prospectus, had been removed. They were concerned that some issuers would want to continue to provide detailed disclosure in relation to the written consent that they were granting to financial intermediaries under Article 5 of the Prospectus Regulation and called on ESMA to reinstate the provisions in Annex XXX of the Commission Regulation.

Input from the SMSG

21. The SMSG was of the view that the draft technical advice succeeded in aligning the goals set out at Level 1 whilst maintaining continuity for supervisors and practitioners. The SMSG considered that ESMA's proposals were well argued. However, the SMSG considered that further improvements could be made in the order of information, particularly risk factors; the question of whether profit forecasts and estimates should be accompanied by an auditor's report; and, disclosure of non-listed underlying securities.

ESMA's response

22. ESMA welcomes the words of support given by various correspondents, particularly in recognising the balance that ESMA has tried to strike between the relative ease of producing a prospectus for issuers and investor protection. To that end, ESMA intends to provide requirements that will enable an issuer to draw up a comprehensive, yet, short and digestible prospectus, which investors will read.

23. ESMA has noted the concerns around the removal of Annex XXX of the Commission Implementing Regulation (EC) 809/2004. The subject of Annex XXX has been included in Article 5 and Recital 26 of the Prospectus Regulation. However, as Annex XXX provided more detail particularly in relation to the categories of items that should be included in the prospectus or only in final terms, ESMA has decided to carry forward the provisions in that annex (Annex 20 in this final report).

24. In relation to the SMSG's specific points, these are addressed in the relevant sections of the final report.

25. ESMA observed that there were numerous comments relating to further burdens imposed at Level 1 which called for alleviations at Level 2. While ESMA acknowledges these concerns, they fall outside the technical advice that ESMA has been asked to provide and, as a result, ESMA will not comment on these points.

26. ESMA understands that one main goal of the Prospectus Regulation is to simplify the structure of the Prospectus and minimise costs of issuing capital alongside investor protection. As such, ESMA intends to limit the number of sections and annexes to the existing prospectus structure, as this would constitute an additional burden for issuers. Based on this rationale, ESMA does not provide for an additional section including data necessary for the classification of prospectuses, even though this might facilitate machine readability.

3.1.2. Format of the prospectus, the base prospectus and the final terms

27. This section summarises the feedback which ESMA received in relation to Questions 1 to 8 of the Consultation Paper on the format and content of the prospectus and presents ESMA's response to this feedback.

Question 1: Do you agree with the proposal that cover notes be limited to 3 pages? If not, what do you consider to be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	2	2	8	3	12	4	6

28. ESMA received 44 responses to Question 1. 26 respondents did not agree with the proposal to require a mandatory cover note. These respondents argued that the inclusion of a mandatory cover note is contrary to the objective of simplifying the prospectus regime and considered that the current approach to the cover note works, therefore no change is necessary. Several of these respondents questioned whether it is possible to require a mandatory cover note since no such requirement is included in Level 1.

29. Several respondents also argued that a maximum length of three pages would be undesirable, because issuers need to include disclaimers on the cover page in order to deal with different jurisidictions' admission and liability regimes and these may span more than three pages.

30. 14 respondents were in favour of requiring a mandatory cover note. One of these respondents stated that one page should be enough for the cover note. Several of these respondents felt that three pages would be too limiting since the inclusion of some disclaimers is warranted.

31. Three respondents welcomed ESMA's recognition of cover notes, but believed that there should be no requirements in relation to such cover note; especially in relation to length and plain language, other than the general requirement to describe information about the issuer and the issue.

32. One respondent considered the proposal for the mandatory cover note quite generic and believed that it was difficult to determine if it was viable. This respondent could agree to the proposal to the extent that it reduced the disclosure requirements in the summary and it would be used to provide the reader with background about the prospectus. Another investors' association was not against the requirement to require a mandatory cover note, but believed that ESMA should not be too prescriptive in relation to what

was included in the cover note. This respondent suggested permitting NCAs to allow issuers to use an extra page for the cover note.

33. Another respondent suggested combining the following sections of the prospectus 'Table of contents', 'How to use this prospectus' and 'General description of the programme' in the retail customer's interest, as well as for the sake of clarity and the avoidance of liability disputes.

34. One respondent stated that a maximum limit of three pages would be too many in some cases and not enough in others. This respondent argued that the rules in relation to the cover page should not be so restrictive.

Input from the SMSG

35. The SMSG agreed that the regulation should reflect market practice in terms of the use of cover notes. However, it did not agree that the cover note should be mandatory. The SMSG commented that the length of the cover note should not be prescribed, as it is used for providing information which is supplementary to that required under the current prospectus regime; particularly information to help investors in other jurisdictions, which outlines whether offers extend to them, or not.

ESMA's response

36. ESMA notes that the majority of the respondents were opposed to making the cover note mandatory and there was little support for a specific page limit for the cover note, as stakeholders consider this approach restrictive for issuers. On the basis of the arguments provided ESMA has decided to withdraw its proposal for a mandatory cover note. However, ESMA believes that the cover note should be acknowledged as its use is current market practice. Therefore ESMA proposes that, if a cover note is voluntarily included in the prospectus, the page length should be limited to three sides of A4-sized paper in order not to obscure the content of the prospectus. As regards the content of the cover note ESMA will consider providing further guidance at Level 3.

Question 2: Would a short section on "how to use the prospectus" make the base prospectus more accessible to retail investors? If so, should it be limited to base prospectuses? Would this imply any material cost for issuers? If yes, please provide an estimate of such cost.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
9	1	2	7	4	9	2	3

37. ESMA received 37 responses to Question 2. 26 respondents did not support the inclusion of a section 'How to use a prospectus'. These respondents generally considered such a section to be superfluous as there is also a table of contents and summary. Several of these respondents believed that this section would be burdensome and would cause issuers to incur significant costs and pointed out it would be unnecessary if a prospectus is drafted in a clear and comprehensible fashion. One respondent opposed to the inclusion of this section stated that this proposal missed the point, since retail investors base their investment decision entirely on advertisements.

38. One respondent who did not support the inclusion of this section believed that cross-referencing could help to address this issue, while two other respondents did not believe that signposting would help retail investors.

39. Three respondents supported the proposal in its entirety and believed that the section should be included in all prospectuses. One of these respondents did not believe that the inclusion of this section would lead to material costs.

40. Seven respondents supported the proposal, but these respondents believed that the section should only be mandatory for base prospectuses, with one respondent only supporting its inclusion in multiproduct base prospectuses. Otherwise, these respondents generally believed that such a section would have limited added value. At least one respondent warned that requiring this section for prospectuses other than base prospectuses may impose significant costs on issuers. Several respondents agreed with the proposal but believed that the section should not be limited to two pages. One respondent also requested that ESMA create a template for this section of the prospectus.

ESMA's response

41. ESMA has considered the responses from stakeholders and has noted that this section is not mandated by the Prospectus Regulation. ESMA also observes that several respondents regarded this section as burdensome for issuers, and proposed that clarification on how to navigate the prospectus could be included elsewhere, such as the table of contents, in order to ensure comprehensibility of the prospectus. ESMA acknowledges that such a section would not be appropriate or necessary for the majority of prospectuses and will therefore remove the requirement for a mandatory 'how to use the prospectus' section. However, issuers can include a section on how to use the prospectus on a voluntary basis. Lastly, in light of the comments provided, ESMA would consider the need for guidance on a more detailed table of contents in the context of its Level 3 work.

Question 3: Should the location of risk factors in a prospectus be prescribed in legislation or should issuers be free to determine this? If it should be set out in legislation, what positioning would make it most meaningful?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
8	1	2	8	5	11	3	4

42. ESMA received 42 responses to Question 3. 23 respondents did not believe that the position of the risk factors should be prescribed in legislation. These respondents argued that issuers are best positioned to determine where the risk factors should be included in the prospectus. These respondents generally argued for maximum flexibility and several respondents believed that including the risk factors first in a prospectus may intimidate investors. One respondent stated that if the location of the risk factors section of the prospectus was mandated, then the section should be included at the end of the prospectus, while other respondents seem to consider that the position of the risk factors should be after the description of the business or the programme and yet another considered that it should be kept in its current location. One of these respondents suggested that dictating the position of the risk factors in the prospectus was unnecessary since investors will generally electronically search a prospectus.

43. 18 respondents supported making the position of the risk factors section mandatory. These respondents generally believed that this would help the comparability of prospectuses and that the importance of the risk factors merited placing them prominently in prospectuses. Some of these respondents argued that the risk factors section should be included after the table of contents, as is currently the case, while others supported including the risk factors after the business overview so that readers would be able to better understand the risk factors in context.

Input from the SMSG

44. The SMSG are of the opinion that ESMA should prescribe an order of information in the prospectus in the interests of transparency and efficiency for investors and that the risk factors should be in a prominent position in the prospectus.

ESMA's response

45. ESMA notes that there was no consensus as to where risk factors should be placed in a prospectus, although a majority wanted flexibility for the issuer to decide where the risk factors should appear. Reflecting on the responses, ESMA acknowledges the

diversity of opinion as to where risk factors should be placed and considers that if full flexibility was permitted, such discretion may cause issues in relation to investor protection and comparability of prospectuses. ESMA therefore maintains its position that the risk factor disclosure should be in a prominent position and easily accessible to investors. In this regard, ESMA has decided to state in its technical advice that the risk factors section should remain at the beginning of the prospectus after the summary or, in the case of a base prospectus, after the general description of the programme where investors are more likely to read the information than if it appears at the end of the prospectus.

Question 4: Should the URD benefit from a more flexible order of information than a prospectus?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	1	1	7	5	10	1	3

46. ESMA received 35 responses to Question 4. 19 respondents believed that the URD should benefit from a more flexible order of information than an ordinary prospectus. These respondents argued that the order of information in a URD must be more flexible because it may include information required pursuant to the Transparency Directive. French issuers and issuer associations favoured a more flexible approach to avoid incurring high costs for the adjustment of the current 'document de référence' to a URD. Several respondents stated that the order of information in both URD and ordinary prospectus should be more broadly flexible. One respondent supported flexibility in relation to the order of information in URDs, but believed that a cross-reference list should be required to assist investors in finding the relevant information. Another respondent stated that flexibility was always best for issuers, although it was sometimes helpful for the preparation of such a heavy document to have a strict order imposed.

47. 18 respondents stated that there was no reason to deviate from the requirements, in relation to the order of information in other prospectuses. These respondents stated that URDs were subject to the same disclosure requirements as registration documents in equity prospectuses. Some respondents also argued that the same requirements to the order of information in URDs, as in other prospectuses, can help investors become comfortable with and more open to URDs. Some respondents suggested that requiring the same order of information, as in other prospectuses, would result in a higher degree of comparability that would aid investors. One respondent suggested developing a new, fixed order of information for URDs that would help support the purpose of the URD.

Input from the SMSG

48. In SMSG's opinion, issuers should be able to make use of the existing document de reference in order to limit the cost of implementation of the URD requirements.

ESMA's response

49. ESMA is of the view that some flexibility in the order of information, in the URD, may be beneficial to issuers who, as frequent issuers, will use the URD. It is ESMA's view that this increased flexibility may encourage the use of the URD by issuers. ESMA proposes to state, in its technical advice that the placing of the section on risk factors is at the issuer's discretion in the URD, provided that there is a distinct section on risk factors in accordance with item 3 of Annex 1 (Risk Factors). However, this flexibility will not be extended to standard registration documents, on the basis that the URD is intended for frequent issuers who become well known to the competent authorities, and this is not necessarily the case for standard registration documents which are not required to be filed on an annual basis.

50. In addition to the order of information in the URD, ESMA wishes to address the question of the technical format of the URD. ESMA delivered a draft RTS to the Commission, on 15 December 2017, in relation to the specification of a single electronic reporting format for annual financial reports under the TD. According to the draft RTS, issuers must prepare their annual financial reports in XHTML format and, where the annual financial reports include IFRS consolidated financial statements, the issuer must mark up those consolidated financial statements by using the XBRL mark-up language. While the draft RTS has not yet been adopted as a Commission Delegated Act, ESMA points out that, if the draft RTS is adopted with the requirements described in this paragraph, it should also apply when the information in the annual financial report is included in a URD. ESMA has inserted a new paragraph 7 in Article D of its technical advice to clarify this point.

Question 5: Would a stand-alone and prominent use of proceeds section be welcome for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
8	1	2	8	3	10	3	3

51. ESMA received 38 responses to Question 5. 21 respondents stated that they did not consider a stand-alone and prominent use of proceeds section to be necessary. These

respondents considered that the current regime worked well and delivered sufficient information to investors. In particular, these respondents considered this requirement overly prescriptive. One respondent stated that the correct test to apply for such information was whether it was necessary information, which was material to an investor for making an informed assessment; there should be no requirement to include overly granular or immaterial information, even if such information might be available. Several of these respondents also stated that they found ESMA's intention unclear and it appeared they did not understand what ESMA was trying to achieve with a more prominent use of proceeds section.

52. Several respondents suggested that credit institutions should be exempt from providing more detailed information about use of proceeds. This was because the proceeds are used for general corporate purposes and not earmarked for specific use.

53. 17 respondents supported a more prominent use of proceeds section. These respondents stated that too many issuers were vague when stating the use of proceeds and that the rules concerning this disclosure should not be too open-ended, so as to allow for issuers to provide unhelpful, high-level information. However, some respondents stated that they would not support ESMA's proposal if it led to overly prescriptive disclosure. One respondent considered that the word 'endeavour' should not be used in the legal text because it leaves too much room for issuers to not provide sufficient information about the use of proceeds, particularly in situations where such information is warranted. This same respondent believed that more concrete direction should be provided about disclosing the use of proceeds in specific scenarios. However, another believed ESMA's use of the word 'endeavour' reflected thinking to the extent that, whenever possible, the issuer should provide a detailed breakdown, as this is in the spirit of the prospectus being a reliable source of information and including all relevant information for an investment decision. This respondent would welcome more elaboration of the different situations where a detailed breakdown would be required.

54. Several respondents supported including more prominent and detailed disclosure of the use of proceeds in relation to green/social/sustainability bonds.

Input from SMSG

55. The SMSG considered that issuers in search of general funding would not be able to fulfil the requirement to give a precise breakdown of how funds are to be employed. Nevertheless, the SMSG was concerned that issuers who revert to stating that funds are for general corporate purposes, could be in conflict with the general principles of the prospectus as a reliable source of information, which includes all information that an investor requires in order to make an investment decision. The SMSG therefore considered that more detail would need to be developed around this disclosure.

ESMA's response

56. In view of the responses received and, as disclosure on the use of proceeds is required in the relevant annexes (i.e. item 3.4 of Annex 2 'Reasons for the offer and use of proceeds') ESMA has decided to withdraw the requirement for a stand-alone use of proceeds section. ESMA will retain the disclosure items as set out in the various annexes but will not mandate that these are in a dedicated section of the prospectus. ESMA furthermore accepts that debt issuances by credit institutions, in particular, but also other non-equity issuers raising funds for general corporate purposes should not be required to make detailed disclosure of use of proceeds and that it should suffice to state that capital is being raised for general corporate purpose where this is the case. Nevertheless, the phrase 'general corporate purposes' cannot be used in all cases and if proceeds are being raised for specific purposes these must be stated. In particular, in line with the Commission's initiative to promote sustainable finance, ESMA considers that disclosure of any proceeds being used for sustainability should be specifically disclosed.

Question 6: Is the list of "additional information" in Annex XXI of the Commission Regulation fit for purpose? What other types of additional information should be included in a replacement annex?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	1	2	1	4	1	2

57. ESMA received 18 responses to Question six. Six respondents considered the list of 'additional information' in Annex XXI of the Commission Regulation fit for purpose.

58. Six respondents considered that the list of 'additional information' in Annex XXI of the Commission Regulation was not fit for purpose. These respondents suggested expanding the list of 'additional information' to include the following:

- bespoke selling restrictions;
- specific listing disclosures;
- ECB eligibility;
- consent to use the prospectus in a retail cascade;

- additional disclosure for green/social/sustainability bonds;
- additional disclosure required pursuant to legislation, such as Regulation (EU) No. 1286/2014 (the "PRIIPs Regulation");
- additional information concerning the securities;
- additional information relating to clearing; and
- other information.

59. Three respondents stated that a closed list of additional information was not necessary. These respondents stated that Article 8(4) subparagraph 2 of the Prospectus Regulation already limited the possible content of final terms to information relating to the securities note. They argued that all relevant information on the securities, in particular their terms and conditions, was controlled via the categorisation referenced in Article I (2)(a) of the draft technical advice. The additional information which could be included was technical, such as the items of the current Annex XXI, relating to identification, distribution, and settlement of the specific securities. While this operational information was needed for the processing of the securities, it would not inform the investment decision and does not, in the respondents' view, need to be further regulated. However, these respondents also stated that if additional information was permitted, then it should relate to selling restrictions and ECB eligibility.

ESMA's response

60. ESMA considers that some of the suggestions, for additional items to be included to the list in Annex XXI of the Commission Regulation, could be seen to undermine the disclosure regime such as including bespoke selling restrictions which is currently category A in Annex XXI; other suggestions may overlap with specific disclosure requirements. However, ESMA considers that disclosure of ECB eligibility, as valuable information. ESMA considers that it is important that where an issuer includes a PRIIPs KID in the summary, the information relating to that information is included in the final terms, to the extent it is not already disclosed elsewhere in the securities note. For the purpose of clarity, PRIIPs KID information is not to be considered as voluntary 'additional information' for the purpose of inclusion in Annex 21 where the KID is used in the summary. Where the KID is used in the summary, the final terms must reflect the PRIIPs information and this is not, therefore, voluntary information.

61. In addition, ESMA will carry over the building block for consent in a retail cascade from the Commission Regulation

62. ESMA has decided to transpose Annex 21 from the Commission Regulation with the addition of disclosure on ECB eligibility. In addition, ESMA will carry over the provisions of Annex XXX of the Commission Regulation relating to consent to use the prospectus in a retail cascade. Although this is included at Level 1 (Recital 26 and Article 5) ESMA

considers that Annex XXX of the Commission Regulation provided more detail and will therefore advise that this is carried forward.

Question 7: Are the definitions proposed to be carried over to the new regime, and new definitions proposed adequate? Should any additional definitions be added?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	0	2	1	7	4	3

63. ESMA received 24 responses to Question 7. Most respondents supported the proposed definitions.

64. A few respondents raised concerns regarding the definition of “debt securities” in Article A (d) of the technical advice. Three wanted clarification that it covers debt securities for which the interest is capitalised and paid at the same time as the principal debt, such as, for instance the “zero coupon bonds”. One wanted to add that the issuer has the obligation to pay *at least 100%* of the nominal value. Another one would like to add that the definition of debt securities should also include a reference to the guarantor, i.e. where either the issuer or the guarantor has an obligation to pay the investor 100% of the nominal value. One respondent suggested that those clarifications be made in an ESMA Q&A guidance.

65. Seven respondents wanted to change the definition of “wholesale debt”, as used in the title of Annex 4, to cover both options of Article 13(1) subparagraphs 3 (a) and (b) of the Prospectus Regulation, i.e. to a minimum denomination of EUR 100 000 per unit and to trading on a regulated market, to which only qualified investors can have access. One respondent wanted to emphasize that the definition of wholesale (qualified) securities should not be limited to a denomination of EUR 100,000 but also include the case of a minimum investment of EUR 100,000.

66. Two respondents wanted to review the definition of asset-backed securities in order to remove securities from such definition that are just pass-through securities or backed by a single asset, provided they are guaranteed by their parent, one or more other group companies or a third party which is not an SPV and provide for the repayment of 100% by such guarantor. Such securities do not differ from securities which are issued by finance subsidiaries of large corporations which are guaranteed by their parent companies and should therefore not be treated differently.

67. Separately, it was noted by four market participants that Article I(2) of the technical advice references the form of final terms. Those respondents believed that this paragraph should define the contents of the final terms themselves, i.e. it should talk about the contents of the completed “final terms relating to a base prospectus”, not about the uncompleted “form of final terms to be attached to a base prospectus”.

68. One respondent wanted to clarify the statements included in item 12 of Annex 1 under the heading ‘Trend Information’ and item 20 of Annex 1 under the heading ‘Financial Information Concerning […]’ and suggested that a clear qualitative definition of: i) material effect on the issuer´s prospects, ii) significant change in financial performance, and iii) significant change in financial position would be welcomed

69. Three stakeholders suggested that the definition of “profit estimate” be reviewed. According to ESMA´s answer to Question 2 in its Q&A No. 84 (ESMA/2016/1674) *"quarter four reports […] should be considered as interim financial information"* and not as a profit estimate. It is common practice to present figures for the fourth quarter at the annual press conference together with the figures for the whole year, however, with a focus on the whole year. At this stage, the preparation of the financial statements is already at a very advanced stage, which means that figures are based at this time on the actual annual financial statements and not on assumptions. This respondent considered that the preliminary annual financial statement should therefore not be treated differently than a Q4 report. Another respondent would exclude situations such as preliminary announcements, that may be made after the financial statements are finalised and audited, or the audit is substantively completed, but before the annual report and accounts have been published.

70. Concerning “profit forecast”, one respondent wanted a more detailed definition of what can and cannot be considered profit forecast. One suggested deleting the reference to financial periods subsequent to the current or immediately subsequent period. Any period beyond those has the character of a plan or intention rather than a (reliable) forecast. Moreover, two respondents wanted the term “outstanding profit forecast” defined.

71. One respondent suggested including a definition of “Alternative Performance Measures” in line with ESMA guidelines and that these should not be considered as profit forecasts.

72. The definition of what constitutes a “complex financial history” was not, for one participant, clear enough. Whilst Article J makes reference to significant financial commitment (which is defined as a 25% change in a size indicator) after the end of the period covered by the financial statements it does not make a similar explicit link to a significant gross change within the period covered by the financial statements. This could be resolved by explicitly referring to the same numerical measures.

73. Four respondents would like to add a definition of: “*securitised derivatives*” or “*derivatives*”, in order to clarify which derivatives are within the scope of the prospectus

directive and so to specify which securities are subject to the new Annex V and the building block replacing Annex XII.

74. To clarify that derivatives contracts are not within the scope of the prospectus regime, two of them make the following proposal: "Article A – Definitions *(new) (n) 'derivatives' means those financial* instruments *defined in point (44)(c) of Article 4(1) of Directive 2014/65/EU; instruments referred to in Annex I, Section C (4) to (10) of Directive 2014/65/EU are not within the scope of this Regulation."* One suggested that any definition should not be exhaustive, to allow for future developments or additions, notably as regards the definition of debts and derivatives securities.

75. Lastly, some concerns were raised in relation to Level 1 definitions, such as the definition of *advertisement* that captured a far wider range than previously and/or the scope of withdrawal rights.

ESMA's response

76. ESMA is of the opinion that depending on the features of the zero-coupon bonds they may or may not fall within the definition of 'debt securities' set out in Article A(d) and/ or the definition of derivatives. ESMA is therefore unable to give a definitive answer in the case of zero-coupon bonds however the debt and derivatives building blocks, Annexes 5, 6 or 7 will have to be used.

77. In relation to a definition of wholesale debt, ESMA notes that the term 'wholesale market for non-equity securities' is used at Level 1 (e.g. recital 21). As this term exists at Level 1 ESMA's understanding is that it cannot clarify a term used in Level 1. As a result, ESMA will not provide a definition of wholesale debt in its technical advice.

78. Regarding the comments in relation to the definition of asset-backed securities, ESMA believes that the intention of the respondent may be to ensure that transactions that do not meet the regulatory definition of securitisation should not be viewed as falling within the asset-backed definition, as per the definition in the technical advice. However, ESMA does not agree with this view and will maintain the definition provided under the current regime, as it is wider than that of securitisation falling under Securitisation Regulation. This will enable asset-backed securities that are currently within the scope of the Prospectus Regulation to remain within it. Therefore, ESMA proposes to carry over the definition of asset-backed securities from the Commission Regulation.

79. In relation to the form of final terms, ESMA has moved the requirements set out in the Commission Regulation Article 22(4) into the same article as the other information on final terms (Article I of the technical advice). The wording in the Commission Regulation is: *The final terms attached to a base prospectus shall only contain,* however, the complete final terms are not attached to the base prospectus. ESMA will, however, include wording in Article I to simplify the requirement by stating: *The final terms shall only contain the following….*

80. As regards a definition of materiality, this is a term used at Level 1. Any definition provided at Level 2 would therefore risk changing the meaning that the co-legislators intended. As such, ESMA is unable to provide a definition of materiality.

81. ESMA considers that the concerns around the definition of profit estimates, in relation to the requirement for an audit report on preliminary reports, will have been resolved by the removal of the requirement for an audit report on profit estimates. ESMA is preparing a Q&A on profit forecasts and therefore does not consider that a more detailed definition of profit forecast is necessary at Level 2. In ESMA's opinion there is no requirement for a definition of 'outstanding profit forecast'. This term is used in the CESR Recommendations 4, paragraphs 43-45 which in ESMA's view clarifies the meaning.

82. ESMA does not consider it appropriate to include a definition of Alternative Performance Measures here. However, the meaning of the term is explained in the ESMA Guidelines on Alternative Performance Measures.

83. In relation to the comment concerning the definition of complex financial history, ESMA notes that the wording in Article J(1) has not changed in relation to the point made by the respondent. ESMA considers that it is not possible to create an explicit link to a significant gross change within the period covered by the financial statements, in a requirement which would be appropriate and relevant in all cases of complex financial history and therefore prefers to leave this requirement as it is proposed currently.

84. ESMA intends to carry forward Article 15.2 of the Commission Regulation which clarifies when the derivatives schedule should be used and therefore considers it unnecessary to include a definition of derivatives and securities derivatives suggested by the respondent.

85. Lastly, ESMA points out that it is not within its mandate to change definitions made at Level 1 such as the widened definition of advertisements.

Question 8: What is the overall impact of the above technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that the proposed technical advice will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
8	1	-	7	3	7	2	2

86. ESMA received 30 responses to Question 8. The overall impact of the technical advice is seen as positive for investors, however, some concerns were raised that the proposal may create costs for issuers, notably equity issuers. In particular, respondents highlighted new or amended disclosures, changes to final terms and the need, for some issuers at least, to adapt their current registration documents to the URD requirements. Respondents did however acknowledge that any additional costs are likely to be short term only and will dissipate as the market adjusts to the changes.

87. One of the respondents[4] considered that the sequence of items that should be included in the various schedules could be modified to simplify prospectus reading. They pointed out that many items of the schedules have similar content, for example the items: 9, 10, 19 and 20 of Annex 1 have financial content; the information about statutory auditors is requested in items 2 and 20. This circumstance often causes duplication of information and, as a consequence, length and difficulty in reading the prospectus. Consequently, with reference to Annex 1, this respondent proposed the reordering of the sequence of information requirements, grouping the items as follows: I. Summary, II. Risk Factor; III. Business description of issuer and the group and its activities (grouping items 5, 6, 7, 17 and 22); IV. Financial information (grouping items 2, 9, 10, 19 and 20), and V. Corporate governance and additional Information (grouping items 14, 15, 16, 18 and 21).

ESMA's response

88. ESMA has taken on board many of the concerns raised by market participants and has consequently withdrawn proposals, such as the cover note, which were seen as costly by market participants. ESMA has endeavoured to preserve as much issuer flexibility as possible while at the same time trying to simplify the prospectus for both issuers and

[4] This input was provided as general remarks and not as a response to a specific question.

investors in line with the objectives of the revision. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors. ESMA welcomes the feedback that the proposed changes are likely to be investor positive. In addition, ESMA welcomes the feedback that, taking into account the post-consultation changes, any additional costs are likely to be purely of a transitional nature.

89. In response to the comment concerning the order of the disclosure items in the annexes, ESMA has attempted to draw together similar disclosure items. ESMA considered that the market is familiar with a certain order and has tried to further group items into a logical order, albeit not the same order as the respondent. Further, as ESMA does not prescribe most of the order of the prospectus, ESMA does not agree that disclosure items need to be repeated. One section of the prospectus can address a number of different disclosure items which do not have to be repeated elsewhere in the prospectus. ESMA does not consider that it is necessary to change the order of the disclosure items in the annex as the issuer is free to organise the prospectus as it wishes.

3.1.3. Content of the share registration document

90. This section summarises the feedback which ESMA received in relation to Questions 9 to 21 and presents ESMA's response to this feedback.

Question 9: Do you agree that the scope of NCA approval should be included in the cover note? If not, please provide your reasoning.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6		2	10	1	8	1	3

91. ESMA received 31 responses to Question 9. A large majority of respondents considered that the scope of NCA approval should be included in the cover note. Those few who did not support the inclusion stated that the scope of the NCA approval was already clear in Level 1.

92. Concerning the location of the disclaimer, one respondent considered that in certain cases it would be more appropriate to include the disclaimer on the second page of the registration document.

Input from the SMSG

93. The SMSG supported ESMA's proposal to include clarity for the investor on the scope of the NCA's approval.

ESMA's response

94. Although ESMA has decided not to make the cover note mandatory, ESMA is of the opinion that the scope of the NCA's approval should be included and placed prominently in the prospectus or in the cover note (where one is included) or in some prominent position near the beginning of the prospectus where there is no cover note. Under ESMA's response regarding input received to Question 1, it has decided to revise its technical advice and not mandate a cover note in the prospectus. However, given that the cover note is currently market practice, ESMA will consider how best to provide guidance on its content in the context of its Level 3 work.

Question 10: Do you agree that the requirement for issuers of equity and retail non-equity to include selected financial information in the prospectus can be removed without significantly altering the benefits to investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1		9	3	13	3	4

95. ESMA received 39 responses to Question 10. A vast majority of respondents agreed to the removal of the requirement for issuers of equity and retail non-equity to include selected financial information in the prospectus. They pointed out that the information was already provided for in the summary for equity and retail non-equity and that this deletion removed redundancies and repetition.

96. A few, however, highlighted the fact that there are cases where there is no summary, for instance for URD/registration document. They considered that issuers should be able to include key information in their registration document. One issuer noted that the US 20-F contains a mandatory item 3 named "Key Information" which includes selected financial data.

97. Some others wanted selected financial information to be included as a separate subsection of the OFR and to retain the need for comparative date.

ESMA's response

98. ESMA notes that some respondents point out that there is no summary attached to a URD or a registration document and therefore no key financial information, as in the summary. However, these documents contain the issuer's financial statements and, when an issuer wishes to produce a retail prospectus, a summary will be added to the registration document / URD alongside the securities note. Therefore, at the time that a prospectus is published, the retail investor will have both key financial information in the summary and the financial statements included in the URD / registration document.

Question 11: Do you agree that issuers should be required to include their website address in the prospectus? Do you agree that issuers should be required to make documents on display electronically available? Would these requirements imply any material additional costs to issuers?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	1	1	7	4	9	4	5

99. ESMA received 38 responses to Question 11. 27 respondents agreed that issuers should be required to include their website address in the prospectus, as companies whose securities are admitted to trading on regulated markets are already obliged under other pieces of EU legislation to operate their own websites.

100. Eight of the respondents answered that the regulation should, however, allow the use of third party websites, as these may be hosted by a parent company or an affiliate of the issuer or the guarantor; especially for the case of an SPV which may not necessarily have a website. A change to the wording of item 5.1.4 of Annex 1 should be made.

101. One respondent considered that the requirement should be limited to existing website addresses so that special purposes vehicles are not required to obtain an own website address solely for disclosure purposes. Others commented that, concerning the website address, there should be direct links to a specific page on a website in order to take the investors and/or noteholders directly to the relevant information. One respondent required the website address wording to be placed next to the company's registered office information and to require insertion of wording making it clear that the information in the website was not incorporated by reference.

102. Those few who were against the inclusion of an issuer website were concerned that investors might seek to claim that they have relied on additional information available on

the issuer's website. They were concerned that this would raise issues of liability including the concern that the suggested disclaimer, according to which the website information does not form part of the prospectus, may not be valid in all jurisdictions.

103. Others considered that such disclaimer may be misleading, as some of the information available on the website would be incorporated by reference and form part of the prospectus.

104. Most respondents agreed that issuers should be required to make documents on display electronically available. However, some concerns were raised suggesting that, in some cases, the requirement to publish such material on the internet may deter some experts from including their reports, or increase the costs. Making a report available in hard copy for inspection was considered a very different matter from permitting all investors to access, print-off and keep copies of a report, any part of which was included in the prospectus.

105. There was also a concern that documents should be made available only to recipients in countries allowing access to such documents. As an example, an issuer may, in connection with an offering, be required by the U.S. Securities Trading Act to ensure that no American residents, other than “qualified institutional buyers” have access to offering specific documents. To ensure compliance herewith, documents related to an offering are often placed behind a “click-through” on the issuer’s website requesting visitors to confirm that they are non-U.S. residents.

106. Two respondents support the suggestion that the documents on display should only have to be made available electronically if these documents have been prepared in this medium. For example, it could be problematic and/or expansive to electronically display the original Articles of Association where they were prepared in previous centuries.

107. One respondent recommended that the documents should be available on the website for five years, in accordance with the MAR regime.

ESMA’s response

108. ESMA’s proposal, in the Consultation Paper on the format and the content of the prospectus, was intended to reduce the burden for issuers, particularly in relation to documents available. It was not intended to create extra costs for those issuers that do not have a website in expecting them to create one. The requirement under the heading ‘Information about the Issuer’ (in a number of annexes) is to disclose the website address, if available, rather than state that an issuer itself must have one. ESMA is of the view that under this disclosure item, where an issuer does not have its own website, it can mark the requirement to include its website in the prospectus as non-applicable.

109. As to concerns relating to liability and the requirement for a disclaimer according to which the website information does not form part of the prospectus, ESMA has decided to modify its technical advice, to the effect that information on the website does not form part of the prospectus unless it is incorporated by reference into the prospectus. This

requirement is being consulted on by ESMA in relation to the RTS on publication of prospectuses.

110. ESMA is of the opinion that the requirement of documents under the section 'documents available' to be made available electronically only is valid as it provides a level playing field for all investors. Where an issuer does not have a website, the issuer can provide these documents on the website of the group or of a third party. These documents are required to be available to all investors, but could be restricted to certain investors only, if the requirement for just physical inspection is retained. To illustrate the aforementioned point, if the prospectus has been passported to another member state, and the documents on display are only available for physical inspection in the home member state, this creates a disadvantage for investors other than those in the home member state. ESMA, therefore, does not intend to amend its technical advice on this point.

111. As regards documents made available only to recipients in countries allowing access to such documents and selling restrictions, ESMA has proposed a requirement for this in its consultation on RTS[5].

Question 12: Do you consider that a description of material past investments is necessary information for the purpose of the prospectus?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	1	7	3	7	2	2

112. ESMA received 29 responses to Question 12. A strong majority of responses considered that it is not necessary to have a specific section in the prospectus regarding the description of material past information. Several respondents argued that such information would be included in the financial statements; the management report and/or annual financial report, while others emphasize that the issuer would be required to provide this information to satisfy the necessary information test under Article 6 of the new Prospectus Regulation. Furthermore, additional requirements would generate costs for issuers. Finally, one respondent argues that the requirement should be limited to material investments from the date of the last financial information up to the date of the prospectus.

[5] Consultation paper on draft RTS under the new Prospectus Regulation (ESMA31-62-802).

113. Among the few respondents who support the view that description of material past investments is necessary information for the prospectus, one stated that it is important information for investors for assessing the issuer itself and investing in its securities. Another respondent pointed out that such information is necessary, if those investments still have a significant impact on the risks related to the issuance.

ESMA's response

114. In response to the comment that material past investment information will be included in the issuer's financial statements, ESMA points out that many other disclosure items are in the issuer's financial statements. However, it is necessary to highlight that certain information from the financial statements may need to be updated at the time of the approval of the prospectus and ESMA will therefore retain this disclosure requirement in its technical advice as this item refers not only to quantitative but also qualitative information.

Question 13: Do you agree with the proposal to align the OFR requirement with the management reports required under the Accounting Directive? Would this materially reduce costs for issuers?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	0	6	3	11	3	1

115. ESMA received 31 responses to Question 13. No respondent disagreed with the proposal to align the OFR requirement with the management reports required under the Accounting Directive. According to several respondents, the measure would reduce costs.

116. However, a number of respondents requested full alignment of the OFR with the management report, i.e. deleting item 9.2 of Annex 1 while one respondent wanted to maintain items 9.2 of Annex 1 and item 10 of Annex 1. Some respondents also asked for a reverse alignment whereby the management report only included the information in the OFR.

117. Concerns were also raised about definitions which were not the same in the OFR and the management report, additional legal requirements on the management report imposed by Members States and the fact that management reports are prepared at the same date at the financial statements whereas the OFR may be prepared at a different time.

118. In addition, a number of respondents sought clarification by ESMA regarding incorporation by reference in a prospectus, circumstances where the issuer is not required to produce a management report in accordance with the Accounting Directive, interaction between items 9.1 and 9.2.2 of Annex 1, articulation with Articles 19 and 29 of the Accounting Directive and underlying issues regarding the potential application of liability regimes to the disclosure requirements.

ESMA's response

119. ESMA notes that all respondents agreed with the proposal to align the OFR requirement with the management report required under the Accounting Directive and ESMA considers this to be an alleviation to issuers drawing up a prospectus. Furthermore, as set out in the Consultation Paper, ESMA provided the reasoning why certain requirements of Article 19 of the Accounting Directive have not been included in the prospectus requirements (see paragraph 66 of the Consultation Paper). ESMA has therefore decided to include, in its technical advice, the requirement as set out in the Consultation Paper.

Question 14: Do you agree with ESMA's proposal to require outstanding profit forecasts for both equity and non-equity issuance to be included? Do you agree with the deletion of the obligation to include an accountant's or an auditor's report for equity and retail non-equity? Please provide an estimate of the benefits for the issuers arising from the abovementioned proposals. Would these requirements significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
10	1	2	8	4	21	4	5

<u>Requirement to include outstanding profit forecasts for both equity and non-equity issuance</u>

120. ESMA received 55 responses to Question 14. The majority of respondents disagreed with ESMA's proposal to require outstanding profit forecasts to be included for both equity and non-equity issuance. Most respondents disagreed because they were against the mandatory inclusion of those forecasts for non-equity issuance. They argued that those forecasts would not be of much assistance to investors, in those instances, both because such forecasts are likely to be accurate for only a short period and also because they are likely to have only very limited bearing on the performance of such an investment.

121. Several respondents agreed to the inclusion of outstanding profit forecasts in the case of equity, with the caveat that such a requirement should only apply if the forecasts were published.

122. Other respondents considered that this requirement should only apply if the issuer considered that a previously published forecast was material to an investor making an investment decision, or to the extent that those forecasts were published in accordance with Transparency Directive. They did not consider profit forecasts published elsewhere should be included in the requirement. These respondents also considered that this requirement should be excluded from an IPO, as it would limit the use of the prospectus as an international offering circular. These types of profit forecasts are not included in offers for US or Japan investors.

123. Among the respondents who agreed with the requirement, one stated that only "published" outstanding profit forecasts should have to be included. Several respondents requested further guidance on "outstanding profit forecasts", especially regarding its definition and the likely features of valid and invalid profit forecasts.

Deletion of the obligation to include an accountant's or an auditor's report for equity and retail non-equity

124. A slight majority of respondents is against the deletion of the obligation to include an accountant's or an auditor's report for equity and retail non-equity

125. Among the arguments raised against the deletion, it was pointed out that an audit report on forecasts is in the interests of the investor community, for their information and protection, as well as to the market, on the basis that it contributes to its confidence. According to these respondents, the audit report provides assurance on the information provided to the market.

126. According to several respondents, the cost of the procedures performed by the auditor on profit forecasts was not usually significant compared to the total issue costs. In addition, it was likely that the issuer would request a private report from the auditor but the public would not then have the benefit of seeing the report. Finally, several respondents consider that the additional information required from the issuer would not fill the potential gap left by the audit report and would be an excessive burden for the issuer.

127. In favour of the deletion, some respondents indicated that the actual value of the audit report was limited and has no effect on the quality of the profit forecasts and profit estimates (although Question 14 did not explicitly refer to profit estimates in the context of the requirement for an audit report, the matter was addressed in the Consultation Paper in paragraphs 71-72. Accordingly, ESMA's response contains a reference to profit estimates as well as profit forecasts). According to them, it was burdensome on the issuer, in particular regarding timing and costs. One respondent stated that the inability by, or burden on, the issuer to include an auditor's report may prevent the issuer from producing a prospectus. According to them, the deletion would save costs, time and

would incentivise the issuer to include this information in the prospectus. However, several respondents would only agree to the deletion if it did not increase the burden on the issuer. Finally, one suggested requiring an audit report only for certain types of forecasts.

Input from the SMSG

128. The SMSG disagreed with ESMA's proposal to remove the requirement for an audit report on profit forecasts and estimates in equity prospectuses. In the SMSG's opinion, the audit report provided confidence in the integrity of financial statements and that third party oversight provided an important safeguard for investors.

ESMA's response

129. ESMA is of the view that profit forecasts and profit estimates are not generally deemed to be as important for non-equity (in contrast to equity) investors, and it will not include in its technical advice that outstanding profit forecasts or profit estimates must be reproduced in non-equity prospectuses. Nevertheless, an issuer of non-equity securities must assess whether or not an outstanding profit forecast is material for investors. If so, it must be included in the prospectus in accordance with Article 6 of the PR. In relation to equity prospectuses, ESMA has decided that outstanding, previously published profit forecasts and profit estimates, must be disclosed on the basis of the materiality of such valid outstanding reports, in the context of an equity issuance. This restricts the proposed requirement set out in paragraph 75 of the Consultation Paper to equity and, although it now makes it a requirement to include outstanding profit forecasts and profit estimates, ESMA considers that the burden is compensated by the removal of the requirement to include an auditors' report on the profit forecast or profit estimate.

130. Despite the majority of respondents asking for the audit report on profit forecasts and profit estimates to be retained, ESMA is minded to delete the requirement. If, for example, a report has been prepared for due diligence purposes and the issuer, as a result, deems this to be material information, the issuer is entitled to include the audit report in the prospectus at its discretion. ESMA does not consider the additional wording on the drawing up of the profit forecast, as opposed to the requirement to include an outstanding profit forecast, to be burdensome; as the additions are intended to clarify the requirement for both issuers and investors. On the other hand, ESMA is of the opinion that the requirement to include an audit report on profit forecasts and profit estimates potentially creates additional costs for the issuer without the added-value to investors being clear. ESMA also considers that, as the profit forecast is a forward-looking statement and the current requirement simply asks the accountant or auditor to state that it has been properly compiled on the basis stated and that the basis of accounting used is consistent with the issuer's accounting policies, it provides limited comfort to investors over the issuer's future profit in the forecast itself. ESMA, therefore, views the audit report on profit forecasts to be of limited value to investors.

Question 15: Do you agree with the proposal to explain any 'emphasis of matter' identified in the audit report?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	1	0	8	3	1

131. ESMA received 19 responses to Question 15. A slight majority of respondents to this question agreed with the proposal to explain any 'emphasis of matter' identified in the audit report. However, according to some of them, emphasis of matter would not, in all circumstances, be helpful. Respondents also indicated that the emphasis of matter would be necessary only if it is aligned with the Audit Directive while others explained that such requirement may be useful only if audit reports were issued under a different set of rules than the Audit Directive. One respondent suggested that such requirement only applied where the auditors' report did not provide an explanation of the emphasis of matter. Finally, respondents sought clarification regarding the list of matters and the "reason given".

132. For those entities who were against ESMA's proposal, the main argument was that 'emphasis of matter' in the auditors' report was already self-explanatory. Explanation by issuers was unnecessary and would be inappropriate. One respondent indicated that the issuer would already be required to provide this item of information (if relevant) to satisfy the necessary information test under Article 6 of the new Prospectus Regulation.

133. Finally, one respondent stated that, pursuant to its national law, the auditors were prohibited from revealing information that was the sole responsibility of the management. As a result, if any explanations were requested, they could be provided by the issuer only.

ESMA's response

134. The requirement included in the Consultation Paper on format and content, to include 'emphasis of matter' with qualifications, modifications and disclaimers contained in audit reports has been added to the existing item 20.4.1 of Annex 1. As ESMA explained in its Consultation Paper (paragraph 84), the requirement applies only to issuers that are not subject to the Audit Directive and Audit Regulation. The requirement for these issuers to reproduce the 'emphasis of matter' or the modification of opinion, with the reasons for such, will be retained.

Question 16: Should there be mandatory disclosure of the size of shareholdings pre and post issuance where a major shareholder is selling down? Would this requirement imply any material additional costs to issuers?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
8	1	1	2	2	9	2	2

135. ESMA received 27 responses to Question 16. A very strong majority of respondents considered that there should be mandatory disclosure of the size of shareholdings pre and post issuance where a major shareholder was selling down. Among them, several respondents indicated that it would not impose material additional costs on issuers.

136. However, according to several respondents, the drafting of the requirement should be made clearer. A respondent suggested that the disclosure regarding the different scenarios should be "proportionate and reasonable". Two respondents stated that the requirement should state that the disclosure is aligned with the notification requirements under the Transparency Directive but not other regimes. Another respondent commented that the threshold for major shareholdings is stipulated in the Transparency Directive, however, certain Member States and regulated markets have set a lower threshold than the threshold stipulated by the Transparency Directive and that the requirement should also cater for these lower thresholds.

137. One respondent suggested changing the date to which such information was available to "the latest practicable date" which would mean that the issuer was not required to investigate the position in respect of each shareholder. Finally, one respondent offered alternative scenarios when it would not be possible to provide the required information in a simple way.

138. In addition, the majority of respondents proposed that such a requirement should apply in the following circumstances:

- where such sale is concomitant and interrelated with the issuance subject to the prospectus and where the sale has been announced by the issuer and/or the selling shareholder prior to publication of the prospectus, based on the fact that such disclosure may be inside information that the shareholder can decide not to disclose;

- to non-equity securities to the extent that the selling down of a major shareholder has an impact on the economic and financial position of the issuer; and

- in the securities note and should be restricted to the 'extent possible'.

139. Among the very few respondents who disagreed with ESMA's proposal, one respondent argued that such requirement was impossible to fulfil in practice, as the information might not be available to the issuer and it would imply material additional costs. According to the other respondent who disagreed with the proposal, the issues underlined by the question could be resolved in accordance with the Market Abuse Regulation and Transparency Directive.

ESMA's response

140. The proposal to include a requirement to disclose the size of shareholdings pre and post issuance, where a major shareholder is selling down their holding, has been well received, in the terms of additional information on which an investor can base their decision. Consequently, ESMA will include this requirement in its technical advice. However, in terms of providing the disclosure of which the issuer is aware and to the best of the issuer's ability, ESMA considers that this is already the case. ESMA will include the requirement in the securities note, rather than the registration document and not in the non-equity disclosure annexes. The reason for placing the disclosure requirement, in the securities note, is that if an issuer uses, for example, a tripartite prospectus, the information on the major shareholders post-issuance holding may not be available at the time of the publication of the registration document or URD. ESMA therefore considers that this disclosure is better placed in the securities note.

141. In response to the comment that these disclosures are captured by the Transparency Directive and Market Abuse Regulation, these are likely to be disclosed after the securities have been sold to investors and therefore are too late to inform the investor when making a decision to invest. In addition, the TD does not apply to all issuers, for example, those who do not have securities admitted to trading on a regulated market and finally, unless the major shareholders holding crosses a threshold as set out in the TD, there would be no requirement to disclose under the TD. For these reasons, ESMA does not consider that the requirements for disclosure of changes in major shareholders in the prospectus can be linked to the TD or MAR.

142. Given the matter of 'major shareholdings', in terms of thresholds, is determined under national laws or the Transparency Directive (depending on whether the issuer has securities admitted to trading on a regulated market) ESMA has not proposed a threshold for major shareholdings in this requirement. ESMA is of the opinion that the thresholds set by the Transparency Directive and by Member States are clear and should be used in determining the threshold for major shareholdings in this requirement. In addition, should any investor wish to find the threshold in a particular Member State, ESMA has published a practical guide on this topic.[6] ESMA does not, therefore, intend

[6] Practical guide on notifications of major holdings under the Transparency Directive (ESMA31-67-535).

to set a percentage threshold for major shareholdings as this may contradict national law.

Question 17: Do you consider that the new requirement to disclose potential material impacts on the corporate governance would provide valuable information to investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	1	7	3	8	2	2

143. ESMA received 29 responses to Question 17. The majority of the respondents considered that the new requirement to disclose potential material impacts on the corporate governance would provide valuable information to investors. However, four of the respondents called for clarification on definitions, namely on 'material impact' and on the interpretation of "corporate governance".

ESMA's response

144. As regards definitions related to materiality, this is a term used at Level 1. Any definition provided at Level 2 would risk changing the meaning that the co-legislators intended. ESMA will not therefore include a definition of 'material impact'. As for an interpretation of 'corporate governance' ESMA expects the issuer to comply with the corporate governance regime that it has adopted and does not intend to provide an interpretation of this term. ESMA is of the opinion that material impacts on an issuer's corporate governance is important disclosure for investors and will therefore retain the requirement.

Question 18: Do you agree with the proposal to clarify the requirement for restated financial information?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	1	7	1	9	3	2

145. ESMA received 29 responses to Question 18. All of the respondents agreed with the proposal to clarify the requirement for restated financial information. However, four of the respondents asked for changes in the wording of item 20.1 of Annex 1, as its text was considered to be problematic and unclear. The criticism centred around the use of 'annual financial statements' rather than 'historical financial information' which the respondents stated might, in some jurisdictions, lead to the inclusion of three or more sets of accounts in the prospectus. These respondents also commented that the requirement that the audit report must be in accordance with the Audit Directive and Audit Regulation, except where these did not apply, ran contrary to market practice in one member state. The practice here was that special purpose financial statements were accompanied by a special purpose audit opinion even where the Audit Directive and Audit Regulation applied to the issuer.

146. Another respondent commented on the wording of the requirement in item 20.1 of Annex 1, on the change of the accounting framework which asks that financial statements are prepared in a form 'consistent with that which will be adopted in the issuer's next published annual financial statements'. They furthermore queried the meaning of the term 'such shorter period' and the definition of IFRS and in general the drafting of the requirement on accounting standards.

147. A number of respondents asked that the audited restated financial statements for the financial year prior to the adoption of the new accounting framework should be made publicly available at the time of change of the accounting framework or at the latest at the time of publication of the audited annual financial statements drafted under the new accounting framework.

148. Another respondent suggested that the new language proposed, under the sub-heading "Change of accounting framework" in item 20.1 of Annex 1, was repetitive with the first and the second paragraphs covering the same point in different language. This respondent pointed out that with regard to the second paragraph, the first sentence was misleading as IFRS itself can require the issuer to restate financial statements if changes in the framework applied.

149. They also suggested amending the current second sentence to make it clear that it should be the accounting policies to be adopted in preparing the next set of financial statements and thereby avoiding any implicit suggestion that the prospectus requirements may override transitional provisions provided for in the applicable reporting framework.

ESMA's response

150. In response to the criticism of the wording 'annual financial statements', ESMA adopted this wording to align the prospectus requirements with those of IFRS. However, ESMA acknowledges that, in some jurisdictions, this may cause problems and therefore ESMA will revert to the previous wording 'historical financial information'.

151. In response to the call for clarification about the change in accounting framework, the intention is that investors will be able to compare financial statements from one period to the next. Where the issuer is about to adopt an entirely new accounting framework in its next financial statements, they will be required to present the latest financial statements in the prospectus, as if they had already adopted the new framework. The explanation given in paragraph 81 of the Consultation Paper tries to distinguish between changes within an accounting framework, e.g. IFRS, where the issuer would not be required to restate their financial statements, and change to an entirely new accounting framework, e.g. national GAAP to IFRS, where the issuer would be required to restate their financial statements.

152. With regard to financial statements of less than one year, ESMA considers that, where an issuer has not published any financial statements, they should prepare audited financial statements for the purpose of the prospectus to the latest practicable date.

153. In relation to the comment on which IFRS is intended (EU or IASB IFRS) ESMA will amend the wording to move '(IFRS)' to the end of the first paragraph under the sub-heading 'Accounting standards' of item 20.1 of Annex 1 to clarify that this refers to EU-IFRS, in the technical advice.

154. ESMA notes that the wording of the requirement under the sub-heading 'Accounting Standards' item 20.1 of Annex 1 has changed very little from the previous requirement which was understood by the market. ESMA will therefore not change the wording of the requirement which it believes is sufficiently clear.

155. The language in the two paragraphs of item 20.1 of Annex 1, sub-heading 'Change of Accounting Framework', is similar but ESMA considers this necessary as the wording in the previous annex seems to have caused some confusion. A second paragraph has therefore been inserted in order to clarify the requirement. However, ESMA agrees with the drafting suggestion and will state that changes within the accounting framework do not require the financial statements to be restated solely for the purposes of the prospectus.

Question 19: Do you agree with the lighter requirement in relation to replication of the issuer's M&A in the prospectus? Would this significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	1	2	7	2	6	3	1

156. ESMA received 29 responses to Question 19. A large majority of respondents agreed with the lighter requirement in relation to replication of the issuer's memorandum and articles in the prospectus. Most of the respondents did not consider that a lighter requirement in relation to replication of the issuer's memorandum and articles in the prospectus would significantly affect the informative value of the prospectus for investors.

157. The respondents that disagreed with the reduction in the disclosure requirement for the issuer's memorandum and articles in the prospectus were concerned that some of the information that ESMA proposed to delete was contradictory to basic investor rights.

Input from the SMSG

158. In the SMSG's opinion the removal of the requirement to include certain provisions of the memorandum and articles in the prospectus, would reduce the value of the prospectus to investors. It was concerned that the items to be removed concern basic investor rights and could therefore be material for an investment decision. The SMSG also noted that information on the conditions for a change of the rights of shareholders and the threshold for disclosure of ownership were not regularly included in issuers' memorandum and articles.

ESMA's response

159. As the majority of respondents agreed with ESMA's proposal, for a lighter requirement in relation to the replication of the issuer's memorandum and articles in the prospectus, ESMA will reflect this in its technical advice as it was set out in the Consultation Paper. In relation to concerns that basic investor rights could be impacted by the removal of these requirements and that this could be material for an investment decision, ESMA points out that an indication of the website containing the most up-to-date, full memorandum and articles, will be required to be made available to investors, as per item 24 of Annex 1, under the heading 'Documents Available'. Where information was not regularly included in the memorandum and articles, but appeared as a disclosure

item under the memorandum and articles section, ESMA believes that these items would have been marked non applicable under the previous regime. Further, ESMA considers that if the information is material to investors, particularly in relation to their rights, this information must be included in the prospectus in accordance with Article 6 of the Prospectus Regulation.

Question 20: Should any further changes be made to the share registration document? Please advise of any costs and benefits implied by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1		8	1	5	3	3

160. ESMA received 26 responses to Question 20. One comment had been repeated from Question 18 in relation to the use of the term 'annual financial statements', where it has been addressed.

161. The majority of respondents suggested further changes to the share registration document, although a few respondents commented that there was no need for further changes.

162. Respondents suggested that the disclosure on strategy and objectives should be removed as it would appear in the description of the issuer's activities and markets. In addition, there were calls to delete the requirement for disclosure on the list of significant subsidiaries and information on holdings or related party disclosures as this information was in the notes of the financial statements.

163. In relation to the merger of the disclosure regarding trend information and significant changes in the issuer's financial position, one respondent commented that the existing significant change statement works well in practice and should remain unchanged.

164. Another respondent asked that the disclosure regarding the Board and senior management be reduced to three years.

165. Other respondents asked for clarification of the wording regarding material contracts i.e. contracts not entered in the ordinary course of business, as any contract material to the issuer's operations would be included in other parts of the registration document.

166. One respondent asked for further guidance in relation to the use of Key Performance Indicators in relation to the OFR which, as these are not audited, they considered were potentially detrimental to investors.

167. Other respondents asked for the deletion of the requirement to include the names and addresses of the issuer's auditors; the description of the geographic distribution and method of financing should only be disclosed if deemed material; delete the information on the issuers capital resources; and delete the requirements for a narrative description of the issuer's cash flows and an indication of other audited information.

168. One respondent commented that the requirement for issuer's to include their financial statements in IFRS should not be extended to guarantors. Another respondent pointed out that only in the case of profit forecasts is there a requirement to draw investor's attention to those uncertain factors which could materially change the outcome of the forecast and asked why this did not extend to estimates.

169. One respondent queried the logic in having an 18 month maximum period for the age of the annual financial statements where audited interims are included in the prospectus. They were of the view that this should be reduced to 16 months which would be in line with the Transparency Directive requirements.

170. One respondent drew attention to the fact that, in relation to item 20.6 of Annex 1 on 'Interim and other financial information', that the Accounting Directive makes no reference to interim financial information. As a result, this could be interpreted as non-IFRS reporters having to prepare interim financial information as if they were their annual accounts and that this is overly onerous.

171. A number of respondents commented that to provide the notifiable major shareholders' interest should be made at the latest practicable date, rather than the date of the registration document as this could raise practical timing issues and generate additional costs.

172. None of the respondents advised of any costs and benefits implied by proposed changes.

ESMA's response

173. In response to the comment to delete the disclosure requirement on strategy and objectives, ESMA is of the opinion that this disclosure item is in line with the objectives of the Prospectus Regulation in that it provides pertinent and focused disclosure to investors from an analysis perspective. In response to one comment which suggests that this information would be contained within the description of the issuer's activities and markets, ESMA believes that this new section provides scope for less generic information, which will provide investors with a clear insight into what specific aims and challenges facing the issuer are. ESMA will retain this requirement in its technical advice.

174. In relation to the wording of the significant change statement, ESMA notes that one of the respondents objected to the changes proposed and wished to revert to the former disclosure item set out in the Commission Regulation. ESMA considers that the terms 'financial or trading position' in the significant change statement in the Commission Regulation were unclear. On this basis ESMA has split the significant change statement into two sections (financial position and financial performance) in order to clarify the required disclosure under what was considered an unclear requirement. As a result, ESMA will retain the wording of the technical advice as set out in the format and content consultation paper.

175. Again, ESMA considers that the disclosures relating to the administrative, management or supervisory bodies of the issuer are material to investor. The respondents did not provide any arguments to support their suggestion and ESMA will retain the requirement for five years of disclosure.

176. In relation to material contracts other than in the ordinary course of business, ESMA considers that the issuer can determine which contracts would relate to the ordinary course of its business. This is a matter for the issuer to determine and ESMA does not consider that this is appropriate to amend the wording of the requirement.

177. ESMA considers that specific disclosure on significant subsidiaries, information on holdings, related party disclosures, name and address of the issuer's auditors are material for investors and should be highlighted in the prospectus in addition to appearing in the financial statements. As such, ESMA will retain the technical advice included in the Consultation Paper.

178. On the comment relating to Key Performance Indicators in the OFR, ESMA requires issuers to comply with ESMA's guidelines on Alternative Performance Measures.[7] ESMA therefore considers that compliance with the aforementioned guidelines provides information for investors on how the performance indicators have been prepared and addresses investor protection issues.

179. In relation to the description of the geographic distribution and method of financing, this disclosure item has been carried forward from the Commission Regulation. ESMA disagrees with the respondent who does not consider that this is material information for an informed investment decision and intends to retain this requirement.

180. Item 10.2 of Annex 1 relates to the issuer's capital resources and ESMA considers it useful to have a narrative description of the issuer's cash flows particularly for retail investors. In relation to information that is unaudited, ESMA considers that this again is useful for retail investors who may assume that all financial information in the prospectus is audited.

[7] ESMA Guidelines on Alternative Performance Measures (ESMA/2015/1415en).

181. In relation to guarantor's financial statements, ESMA considers that these should adhere to the same requirements as those for an issuer, on the basis that guarantor information, depending on the specific transaction, may be more material to investors than issuer's financial information. Accordingly, it is important that the requirements are similar.

182. In relation to the different treatment of profit forecasts and profit estimates, the issuer is only required to draw the investor's attention to uncertain facts which could materially change the outcome of the forecast. In the case of profit estimates this is deemed unnecessary as the estimate will, in the near future, no longer be an estimate. That is, it is close enough to becoming part of the audited financial statements, to assume that the figures given are reasonably certain and should not include uncertain facts which could materially change the estimate. Profit forecasts, on the other hand, are longer term and more uncertain.

183. The 18 month maximum period for the age of the annual financial statements is included where an issuer does not fall within the requirements of the Transparency Directive (for example where it makes an offer to the public but its securities are not admitted to trading) and may therefore not be required to produce audited accounts four months after its year end.

184. ESMA notes that the Accounting Directive does not mention interim financial information and will amend the disclosure requirement in item 20.1 of Annex 1, sub-heading 'Interim and other financial information', accordingly.

185. As regards the date of the information on major shareholders, ESMA acknowledges that it may be difficult for an issuer to provide this information at the date of the registration document and that this may have cost implications. However, ESMA does not intend to change the requirement to provide this information at the latest practicable date. The information should be included in as far as this is known to the issuer on the date of the prospectus and ESMA considers that issuers should use their best efforts to provide this information.

Question 21: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	0	0	4	1	0

186. ESMA received 10 responses to Question 21. The majority of respondents considered that the overall impact of the proposed technical advice would result in a reduction of costs to issuers. One respondent, however, indicated that as the prospectus drafting process is model and precedent based, each material adjustment to current market practice will result in substantial one-off costs to issuers and multiple advisers per transaction.

ESMA's response

187. No quantitative analysis was given in the responses so ESMA is unable to provide quantified costs in relation to the proposed changes. However, the majority of respondents considered that ESMA's proposals would reduce costs to issuers and the one respondent that did not agree acknowledged that the increased costs would be temporary in nature until the new regime was established.

3.1.4. Content of the share securities note

188. This section summarises the feedback which ESMA received in relation to Questions 22 to 27 as well as ESMA's responses to that feedback.

Question 22: Do you consider that the requirement for a working capital statement should be different in the case of credit institutions and insurance companies?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	3	1	8	2	2

189. ESMA received 22 responses to Question 22. The majority of respondents considered that the requirements could or should be different. Some of these respondents considered that no working capital statement should be required at all, as this would not be meaningful for these types of issuers or redundant given the existing regulatory requirements under Basel III or Solvency II. One respondent suggested that instead of a working capital statement a description as to compliance with the applicable statutory capital requirements should be provided. Other respondents expressed the view that the working capital requirements should be aligned with the regulatory requirements (but with a shorter term focus), with the issuer's regulated nature and business characteristics, or that the working capital statement should be expanded to cover liquidity.

190. One respondent, in favour of more aligned working capital statement requirements, suggested including alternative statements, on which ESMA could then provide further guidance. The guidance would include what 'present requirements' means (i.e. in the context of meeting the minimum Basel III criteria and the requirements of the issuer's regulator in the next 12 months). They suggested alternative statements.

191. A number of other respondents did not consider any changes to the wording of the existing requirements for working capital statements were necessary and that such statements were considered useful and meaningful by investors, particularly in the case of insurance companies. Though the business of banks and insurance companies is different, market practice has developed and it is well understood that both liquidity and regulated capital adequacy are taken into account for working capital. A suggestion was made to provide further guidance at Level 3 than to alter the legal requirements. Provided NCAs have a common understanding of capital targets, there would be no need to amend the existing language.

ESMA's response

192. ESMA acknowledges that the working capital statement may not be ideal for credit institutions and insurers but notes that the working capital statement applies to credit institutions issuing equity securities under the Commission Regulation. As ESMA has

not consulted on alternative requirements for credit institutions and insurers, it will consider developing guidance at Level 3.

Question 23: Do you agree that issuers should be required to update their capitalisation and indebtedness table if there are material changes within the 90 day period? Would this imply any material additional cost to issuers? If yes, please provide an estimation.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	1	0	5	3	9	2	2

193. ESMA received 29 responses to Question 23. Views were rather split as regards the requirement to update the information on capitalisation and indebtedness in case of material changes within the 90 day period. Those respondents who agreed with ESMA's proposal considered the requirement legitimate and valuable for investors who would be provided with a clear presentation of the issuer's present capitalisation. It was acknowledged that there were discrepancies in the application among NCAs and harmonisation of these requirements was welcomed. Respondents stressed the fact that ESMA's proposal of allowing an update of the information by additional narrative disclosure, rather than an update of the entire capitalisation and indebtedness table, was important and appropriate, as updating the table could be very costly and time-consuming. On the basis that only material changes require an update and that such an update could also be in the form of narrative disclosure, respondents supporting ESMA's proposal considered the costs related to the update fairly limited compared to the additional value for investors. By contrast, an update of the table would require significant resources.

194. Respondents disagreeing with the requirement to update the information on capitalisation and indebtedness argued that this would be unnecessary, considering that any material changes and their impact would already be disclosed in the section ‘significant changes in the issuer's financial position’. Furthermore, the data establishing the table would be derived from the issuer's financial statements. Therefore some respondents suggested changing the requirement in line with paragraph 127 of the current ESMA update of the CESR recommendations by allowing a table which could be older than 90 days, provided no changes had occurred or which could be updated by way of footnotes. This would give issuers more flexibility and allow for a larger time window for offerings, as the 90 days period appeared arbitrary and inconsistent with the reporting requirements for listed issuers and much shorter than the reporting cycle under

the Transparency Directive. Requiring an update of the table could in fact require the preparation of an interim balance sheet shortly before the publication of the prospectus. Therefore the 90 days period was considered disproportionate and an obstacle to access the capital markets. Preparation of an updated table which would often also include a review by an auditor could nearly double the costs of preparing such table, involve a significant amount of work for issuers, jeopardise the timing of the project or the whole project. It was also argued that this information is of limited value for investors and often not used in roadshows.

195. One respondent suggested, as an alternative solution to move the existing item 20.9 of Annex 1 sub-heading 'Significant change in the issuer's financial position' to the securities note annex, and clarify at Level 3 that the term 'financial position' covered the capitalisation and indebtedness. Including the requirement in the securities note would ensure that the information was disclosed at a time when it was relevant for an investor, as the registration document may be published sometime before the issue of securities. Furthermore, this respondent suggested separating the two requirements so that the 90 day period requirement would only apply to indebtedness.

ESMA's response

196. ESMA notes the concerns of respondents who stated that the information used in the preparation of the capitalisation and indebtedness table would be drawn from the issuer's financial statements and that they would prefer that the table is as of the date of the financial statements with any subsequent changes to the information to be included by way of notes to the table. However, ESMA is of the opinion that the table should be produced to a practicable date that is not too remote from the publication of the prospectus. ESMA considers that 90 days is a reasonable period and has given issuers the opportunity to update the table by way of narrative in the notes to the table. Further, ESMA considers that the capitalisation and indebtedness table provides more detailed information to investors than the significant change statement, which is often given as a negative statement to the effect that there has been no significant change in the issuer's financial or trading position.

197. In relation to moving the significant change statement to the securities note and separating capitalisation and indebtedness, as explained above, ESMA is of the view that the two statements serve different purposes, the capitalisation and indebtedness table giving a detailed view of the issuer's capitalisation and indebtedness, the significant change statement being a shorter, often negative statement of the issuers financial position from the end of the last financial period to the date of the registration document. ESMA therefore considers that the inclusion of these different statements, in their respective parts of the prospectus, is appropriate. Also, ESMA does not agree with the respondent's request to apply the 90 day period only to indebtedness. The capitalisation of the issuer is, in ESMA's opinion, important for investors and therefore should be as up to date as possible. ESMA considers that the clarification to the capitalisation and indebtedness disclosure is reasonable and will, therefore, include the requirement as set out in the Consultation Paper in the technical advice.

Question 24: Do you consider the changes to dilution requirements would be helpful to investors at the same time as being feasible to provide for issuers?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	3	1	7	2	2

198. ESMA received 19 responses to Question 24. The majority agreed with the proposed amendments to the dilution requirements. While some respondents observed that the changes reflected current practice in their jurisdiction, others considered that the amendments would make the disclosure requirements clearer and more meaningful and helpful for investors. As regards feasibility for issuers, respondents considered that the requirements were easier to apply for issuers and their advisors, and should not give rise to significant additional costs for issuers. In this regard one respondent argued that NCAs should allow some flexibility for price range affecting the dilution (e.g. in case of IPOs), while another respondent highlighted that a proportionate approach was important and that requiring or providing an exaggerate number of different scenarios would likely be too complicated for investors and costly for issuers. One respondent suggested that in cases of uncertainty, regarding the price, only one or two scenarios should be presented.

199. A few respondents suggested slight amendments to the proposed requirements. In respect of item 9.1 of Annex 2, the use of the singular form ‘shareholder’ instead of the plural form was suggested and also a call to clarify that the dilution was based on the assumption that the shareholder did not subscribe for new shares. One respondent suggested clarifying that information on dilution only needed to be disclosed where it was applicable.

200. Two respondents disagreed with the proposed amendments. The first respondent considered that the net asset value per share had no relation to the offer price and would vary significantly from issuer to issuer as it depended on the merger and acquisition history of the issuer. Such variations would be solely driven by accounting requirements and not by the fair value of the company or the actual share price. The other respondent considered the requirement in the proposed item 9.1(a) of Annex 2 confusing and overlapping with the requirement in item 9.2 of Annex 2. The requirement in item 9.1(a) would provide little relevant information in case of rights issues. In case of item 9.1(b), the ‘net asset value’ would often be not representative of the actual market value. Instead the respondent suggested calculating the economic dilution based on market

capitalisation (i.e. (market cap / total shares pre-issue) compared to ((market cap + capital raise) / (total shares post-issue)).

ESMA's response

201. ESMA has included the new requirement on dilution in order to provide a clearer disclosure requirement open to less interpretation than the IOSCO standard. ESMA considers that this makes the disclosure more comparable for investors. ESMA considers that it is clearly stated that dilution is based on the assumption that the shareholder has not subscribed for new shares. As regards the requirement in 9.1(b) of Annex 2, ESMA considers that a comparison of the net asset value of the share, as at the date of the balance sheet, and the offer price of the share provides the investor with useful data on the dilution effect of the offering based on existing data. Furthermore, ESMA considers that a comparison of dilutive effects of a participation in the share capital and voting rights and the net asset value per share is important for investors in order to compare the effects of the issuance according to the two different measures. The requirement under 9.1(b) is considered closer to the IOSCO requirements and is therefore akin to the disclosure expected by market participants.

202. In relation to the view that 9.1(a) overlaps the requirement in 9.2, ESMA considers that the two requirements relate to different scenarios, one where the investor is able to take part in the offer no part of which is reserved for certain investors and the other where the investor cannot take part in the total offer as part is reserved for certain investors. As ESMA considers that the new disclosure requirement provides clearer information for investors and is easier for issuers to apply, ESMA will include the requirement as set out in the Consultation Paper in its technical advice.

Question 25: Do you agree that the information solicited by item 9.2 is important for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	2	1	5	2	2

203. ESMA received 16 responses to Question 25. Almost all respondents agreed that the required information was important for investors. While one respondent considered that a specific disclosure requirement was not necessary on the basis that it would already be covered by the necessary information test under Article 6 Prospectus Regulation. Another respondent suggested some clarification to the wording of the requirement.

ESMA's response

204. ESMA considers that the prospectus should contain disclosure in relation to dilution, and although there is an overarching requirement to provide material information under Article 6 of the Prospectus Regulation, it is also important to have specific disclosure requirements. In relation to the clarification suggested by one of the respondents, ESMA is concerned that this suggestion only rearranges the order of the requirement and does not add anything to the disclosure. As a result, ESMA will include the requirement as set out in the Consultation Paper in its technical advice.

Question 26: Do you consider that any further changes be made to the equity securities note? Please advise of any costs and benefits that would be incurred by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	4	1	6	3	1

205. ESMA received 21 responses to Question 26. While four respondents considered no further amendments necessary, a number of other respondents suggested changes to various requirements.

206. In relation to item 2 of Annex 2 under the heading 'Risk factors' one respondent pointed to some differences in wording between ESMA's proposal and the wording in Level 1. The specific disclosure requirements should refer to the 'expected negative' impact of the risk factor instead of the impact of the risk factor. Furthermore, there should be no reference to the impact on the issuer in the case of risk factors pertaining to the securities. Besides that, this respondent expressed the view that the requirement that risks shall be corroborated by the content of the securities note did not require that information on all risks needed to be included in other sections of the prospectus. This would impose unnecessary practical constraints without having any additional value for investors. Finally, this respondent highlighted some inconsistent wording across the various annexes, with some annexes including wording that the most material risks 'shall receive the highest prominence' while others use the wording of Level 1 'shall be mentioned first'.

207. As regards item 3.1 of Annex 2, one respondent suggested clarifying whether the working capital statement needed to be provided with or without taking the proceeds of the transaction itself into consideration.

208. Two respondents commented on the requirements in item 3.2 of Annex 2, on capitalisation and indebtedness. It was noted that the information on capitalisation and indebtedness for the periods covered by annual financial statements are either contained in the balance sheet being part of such financial information (and thus redundant) or not based on IFRS. In the latter case the preparation of such supplementary information would cause unnecessary additional efforts as they cannot directly be derived from IFRS accounting systems. In addition, due to the lack of further standards or guidance they were unlikely to be comparable among issuers.

209. With regard to the requirement on public takeover bids in item 4.10 of Annex 2, one respondent proposed deleting the requirement except where there were ongoing-takeover offers. It was argued that information on historic take-over offers would be not relevant for investors and that the information was already publicly available.

210. On item 4.11 of Annex 2, regarding tax information, ESMA received a number of responses. While ESMA's proposal to remove the current requirement and require only a warning was welcomed, three respondents disagreed with the proposal to require further information in case there is a specific tax regime applicable to the investment. It was argued that the required warning would be sufficient. One respondent pointed to the fact that the issuer may not be incorporated in a Member State and that this should be taken into account by referring to 'the issuer's place of incorporation' instead of the "issuer's Member State of incorporation". Another respondent observed that information on tax treatment of investors was often too generic. The section on taxes should therefore be either deleted or better tailored to the issuer's target investors. Institutional investors would be already well-informed on their applicable tax regime.

211. With regard to the requirement on pricing in item 5.3.1 of Annex 2, ESMA received comments to the effect that only expenses and taxes charged to the subscriber or purchaser by the issuer or offeror need to be disclosed. One respondent considered the requirement to include information on withdrawal rights in the case of a prospectus that did not include a maximum price, valuation methods or criteria, to be highly impractical. The disclosure requirements would be sufficient to safeguard investors and an option to withdraw would not be necessary. One respondent argued in favour of fostering transparency of the price formation process by disclosing whether the price range or the maximum price included in the prospectus derived from a pre-marketing period preceding the book-building phase. Where the price was not based on such pre-marketing, the prospectus should explain how it was determined. Another respondent expressed the view that when the price was not known, it was important to maintain the option between providing the maximum price (as far as it is available), and valuation methods. Disclosing the valuation method should not be mandatory as maintaining the options open would represent an important alleviation for issuers which should therefore be retained.

212. As regards information on pricing at admission, some respondents did not support ESMA's proposal to disclose the issue price. Such information was considered irrelevant, as for potential investors, only the first quoted price would be material.

Another respondent stated that when the admission to trading to a regulated market arose from the transfer of an issuer already listed on a different market or MTF, the requirement to indicate the issue price in the prospectus was not relevant information, as in this instance the relevant price is the last closing price of the financial instrument listed in the original market. A second instance was where admission to trading was not preceded by an offer to public, for example, an offer dedicated exclusively to professional investors. A third case was where there was an admission to trading of financial instruments already distributed across the shareholders. This respondent considered that an adequate requirement should be to indicate the range price or the maximum price in the prospectus.

213. In relation to item 6.5 of Annex 2 concerning disclosure requirements on stabilisation measures, one respondent proposed expanding the requirement beyond cases of admission to trading on a regulated market. They felt that such information should also be required in case of an admission to trading on other trading venues (MTF, SME Growth market etc.). The argument was made that MAR is also applicable in such cases and that the information would be useful for investors. Furthermore, this would be in line with requirements in items 6.1 and 6.2 of Annex 2 which also included trading venues other than a regulated market.

214. On item 8.1 of Annex 2 regarding the total expense of the issue/offer, two respondents suggested requiring more granular disclosure. Fees could be broken down into legal fees, communications fees, accounting fees, structuring and placement fees, and regulatory and exchange fees. These respondents considered such granular disclosure not overly burdensome for issuers as all these fees would need to be identified in order to provide the aggregate figure currently required. Such granular presentation of the expenses would encourage transparency and foster a better understanding of IPO fees across all market participants.

215. In respect of item 10.2 of Annex 2 relating to other information in the securities note which has been audited, one respondent asked for clarification of its scope. Where auditors have prepared a report for internal reasons only, the respondent commented that there should be no requirement to disclose this information.

216. ESMA received also a number of responses and comments which did not refer to a specific disclosure requirement in Annex 2. In the case of a prospectus for admission to trading on a regulated market only, one respondent suggested explicitly clarifying that, in such case, no information regarding a previous (historic) offer needed to be disclosed. In the same context, another respondent suggested clarifying, at least in the recitals, that information required under item 5 of Annex 2 (heading 'Terms and Conditions of the Offer of Securities to the Public') specifically relating to the offer, would not be required in case of a prospectus relating only to an admission to trading on a regulated market. On another point, one respondent suggested that in the case of voluntary pro forma financial information the ESMA approach reflected in ESMA's Q&A No. 54, according to which any pro forma financial information shall be presented as set out in the respective Annex (including an auditor's report), should be included in Level 2.

ESMA's response

217. With regard to the comments on risk factors, ESMA's view is that Level 1 requires that the risk factors are to be assessed according to their *materiality […] based on the probability of their occurrence and the expected magnitude of their negative impact.* ESMA will include 'the negative impact' in the wording of the risk factors sections in the annexes. However, ESMA considers that risk factors related to the security could impact the issuer and vice versa and will not amend the requirement relating the risk factors to both the issuer and the securities in the securities note Annexes. In relation to the reference to the risks being corroborated by the content of the securities note there is no intention that information on all risks needs to be included in other sections of the prospectus. ESMA will amend the wording to *shall be mentioned first'* and will delete references to *shall receive the highest prominence* from the annexes where this phrase occurs.

218. In relation to item 3.1 of Annex 2, on the working capital statement, this wording has not changed from the Commission Regulation and ESMA does not intend to provide new wording in its technical advice. Guidance has been given on this matter at Level 3.

219. ESMA considers disclosure on capitalisation and indebtedness within 90 days of the date of the prospectus to be important information for investors. As such, the presentation may be required to be more up to date than the information in the issuer's balance sheet. ESMA understands that the information cannot be lifted from IFRS however, the capitalisation and indebtedness is required under Level 1 and therefore it is necessary to compile the statement.

220. With regard to point 4.10 of Annex 2, in relation to public takeover bids, ESMA considers that information on historic takeover is relevant for investors and can assist them when making their investment decision.

221. On the question of tax regimes, ESMA has followed Recital 47 which refers to a *warning that the laws of the investor's Member State and of the issuer's Member State of incorporation might have an impact on the income received from the securities.* ESMA agrees that where an issuer is from a third country, the wording of recital 47 should apply and that it was not the intention of the co-legislators to exclude the third country issuers from this disclosure; in this regard, ESMA is bound by the Level 1 text, in terms of its ability to draft a broader requirement, however, ESMA understands that the intention was to include situations where the issuer is from a third country. Further, the recital goes on to state that the prospectus should contain information on taxation *where the proposed* investment *entails a specific tax regime.* ESMA is following the requirement of the Level 1 recital in this disclosure requirement and considers that this disclosure is warranted.

222. In relation to the comment made on pricing in item 5.3.1 of Annex 2, where a respondent asks for ESMA to clarify that only expenses and taxes charged to the subscriber or purchaser by the issuer or offeror need to be disclosed, ESMA does not agree that this

is always the case. For example, where a retail cascade is already embedded in the transaction, the financial intermediary may charge the subscriber or purchaser.

223. With regard to the pricing of securities, ESMA considers that the clarification provided in the new wording is beneficial in terms of investor protection. Where the final offer price is not known inclusion of either the maximum price/or the amount of securities; or a valuation method is required. Again ESMA considers that the requirement is in the interests of investor protection. Also the requirement for withdrawal rights stems from Article 17(1)(a). ESMA will therefore deliver the technical advice as it appears in the Consultation Paper.

224. In relation to transparency of the price formation process deriving from a pre-marketing period preceding the book-building phase, ESMA points out that there is currently guidance on this at Level 3 (ESMA Q&A 58) and ESMA will revise and update the current guidance to align it with the Prospectus Regulation.

225. In relation to the disclosure of the issue price, ESMA has carried over the disclosure requirements set out in the Commission Regulation and has not made any new proposals in this regard. Nevertheless ESMA considers that this is valuable information for investors when making their investment decision.

226. As concerns the extension of stabilisation requirements to other markets, including growth markets, ESMA sees merit in extending the wording to include other types markets in line with the requirements of item 6.1 of Annex 2.

227. With regard to the respondent's suggestion to provide a more granular breakdown of total expenses of the issue/offer, ESMA acknowledges the concerns of the respondents but will not request such a breakdown in its technical advice. Alternatively, in relation to costs directly charged to purchaser, ESMA has included in its technical advice (under items 5.3.1 of Annex 2 and Annex 5 respectively) a disclosure requirement for expenses, including those contained in the price as measure which is considered to provide more added-value in terms of investor protection from the perspective of expenses.

228. In relation to other information in the securities note which has been audited or reviewed by statutory auditors, this disclosure item has not been changed and is well known to the market.

229. ESMA considers that item 5 of Annex 2, under the heading 'Terms and Conditions of the Offer of the securities to the public' clearly refers only to offers and not to admission to trading. ESMA does not consider it necessary to recommend the inclusion of a recital to clarify this as this item can be marked not applicable if the prospectus is in relation to admission to trading. In relation to voluntary pro-forma financial information, ESMA considers that the pro forma financial information requirements apply whether the pro forma financial information is voluntary or not, in the same way that a voluntary prospectus would have to comply with the prospectus requirements. ESMA does not, therefore, intend to include the approach taken in Q&A 54 at Level 2.

Question 27: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	0	0	0	2	1	0

230. ESMA received 6 responses to Question 27. Of those that expressed specific views, the overall impact of the proposals relating to the equity securities note were considered positively. Respondents noted that the changes were likely to result in substantial one-off costs to issuers and advisers as the drafting process was well established in accordance with the current provisions. None of the respondents provided data relating to the overall impact in terms of lower costs to issuers.

ESMA's response

231. ESMA welcomes the feedback that the proposed changes are likely to be positive in terms of costs. In addition, ESMA welcomes the feedback that, taking into account the post consultation changes, any additional costs are likely to be purely of a transitional nature.

3.1.5. Content of the retail debt and derivatives registration document

232. This section summarises the feedback which ESMA received in relation to Questions 28 to 34 and sets out ESMA's response to this feedback.

Question 28: Do you agree with the proposal to delete disclosure on principal investments and replace this with a requirement to provide details on the issuer's funding structure and borrowing requirements? Would this significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	0	6	1	5	2	4

233. ESMA received 25 responses to Question 28. The views of respondents were split. Roughly half believed that while the item related to principal investments could be deleted, it should not be replaced by information on the issuer's funding structure and borrowing requirements; or, if maintained, should be more clearly outlined. As regards the underlying rationale different reasons were provided. They considered that information on principal investments is already available in the issuer's financial statements; not necessarily material for investors; not currently provided by banks in Annex XI of the Commission Regulation, so that it would become an additional requirement for non-equity securities bank issuers. Concerning the proposed new requirement, on the expected financing of the issuer's activities, it was outlined that there is a lack of an available format to be reported on, which would ensure clarity regarding the content of the required information and comparability among prospectuses. It was further claimed that the newly proposed requirements in item 5.1.7 of Annex 3 are quite generic and therefore it is hard to assess their impact on the issuer. One respondent went so far as to say that this could be disadvantageous to the conduct of the issuer's business.

234. Five respondents stated they would not see benefits in changing the current regime, as the new proposed requirements would result in too detailed information, involve unnecessary costs for issuers and be unclear for investors.

235. By contrast, six other respondents supported the proposal to replace the requirement on principal investments with information on the issuer's funding structure and borrowing requirements. One of them, however, highlighted that the requirement related to the issuer's funding structure would not be appropriate for credit institutions due to their typical funding structure, mainly consisting of deposits and notes. On a similar note, three respondents saw a benefit in requiring information on changes in the issuer's borrowing and funding structure during the last financial year, but felt that the disclosure should be limited to significant changes within a specific recent timeframe. Overall, the feeling was that there should be more precise information concerning what a funding

structure is and what period the borrowing requirements shall cover. Moreover, the description of the expected financing of the issuer's activities, as it was proposed by ESMA, was considered broader than the current requirement related to sources of funds needed to fulfil commitments for principal future investment and as such would require additional work for issuers.

236. The general market consensus with regard to the new item on changes to the issuer's funding structure and borrowing requirements, as well as the expected financing of its activities, was that there was a need to have a clearer picture of the type of information required.

ESMA's response

237. Respondents have pointed out that the information on principal investments is included in the issuer's financial statements and so will be available to investors if ESMA deletes this as a disclosure requirement.

238. In relation to the comment that there is a lack of an available format to be reported on, ESMA would like to indicate that a similar requirement already exists in the Commission Regulation share registration document (and has been carried over as item 10.3 of Annex 1) that does not create any concerns in relation to compliance for equity issuers and is not considered detrimental to their business. ESMA also notes that this requirement already applies to credit institutions issuing equity securities. ESMA therefore considers that the new requirement does not create onerous additional requirements for issuers issuing debt securities.

239. ESMA notes that one respondent proposed limiting the disclosure to significant changes within a specific timeframe. ESMA has therefore amended the requirement so that disclosure of the funding and borrowing structure is to be provided since the date of the financial statements. ESMA is of the view that the new disclosure requirement is in the interests of providing investors with more information about the issuer and on which to base their investment decision.

Question 29: Do you agree that an issuer of retail non-equity should be required to include a previously provided credit rating assigned to it in the prospectus?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	3	2	5	2	5

240. ESMA received 23 responses to Question 29. The majority of respondents (13 out 23) deemed it important that information on the issuer's rating be provided in retail non-equity prospectuses. Some of them also highlighted that for non-equity issuers this is already a current practice, as it is a requirement already provided by the existing Commission Regulation.

241. Ten respondents were not in favour of including the rating assigned to the issuer in prospectuses for several reasons: i) it would run contrary to the EU broader public policy agenda for reducing regulatory use and reliance on credit ratings; ii) it could become misleading when the rating of the issuer is different from that of the non-equity securities in issuance; iii) investors are more concerned of the rating of the securities; iv) information on the issuer's rating becomes confusing in base prospectuses for multi-issuers' programmes; v) changes of the issuer's credit rating would trigger the obligation to publish a supplement; vi) it is valuable information for retail investors but debt securities are primarily aimed at institutional investors; vii) as different rating agencies have different rating methodologies and different type of ratings, the comparison of securities based on the rating of the issuer is limited and in certain cases might even be misleading. One of them suggested requiring that issuers provide in the prospectus a link to their website where investors may find the issuer's credit rating, so as to avoid the publication of a supplement for changes of the rating.

ESMA's response

242. ESMA noted a split response with regard to this proposal. However, ESMA's position is to maintain the proposal to provide such information, as part of the registration document requirements. The credit rating assigned to the securities is retained in the securities note (item 7 Annex 5 and 6). The decision to extend the requirement to the issuer has been made on the basis of investor protection.

243. In terms of the comments raised i.e., (i-vii) ESMA does not agree, firstly, that the requirement runs against EU public policy for reducing reliance on credit ratings. If information on credit ratings is available, ESMA considers that this is useful information for investors. In addition the requirement does not request that an issuer seek a rating. As regards potential confusion arising from differences between the security rating and the issuer rating, ESMA does not consider this argument as sufficient grounds for removing the requirement. While ESMA agrees that disclosure for retail investors should avoid creating confusion, ESMA does not believe that this type of disclosure adds significant complexity. Disclosure of the issuer or its securities' credit rating is already required for multi-product base prospectuses for retail investors and ESMA is not aware that this has caused problems for investors. In relation to the comment concerning supplements, ESMA highlights that any new information which is significant, already requires the production of a supplement and it falls to the issuer's discretion to determine such significance. ESMA believes that from a retail investor point of view, an issuer's rating provides a useful metric to indicate the financial standing of the issuer and acknowledges that methodologies for determining ratings may differ, but this does not undermine the inclusion item 5.1.6 of Annex 3.

Question 30: Do you agree with the proposal to remove the requirement for profit forecasts and estimates to be reported on? Would this significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	0	2	6	2	11	4	4

244. ESMA received 34 responses to Question 30. Answers to this question illustrated that some market participants who disagreed with the ESMA proposal to remove the audit report for profit forecasts included in equity securities prospectuses, held that a different approach should be taken with regard to the retail debt and derivatives registration documents. A significant majority of respondents (22 out of 34) mainly representing issuers and the banking industry, supported ESMA's proposal to remove the requirement for profit forecasts and estimates to be reported on by an external auditor or accountant, with regard to prospectuses related to retail debt and derivative securities.

245. Concerning the rationale behind their opinions, some highlighted that profit forecasts and estimates are not necessarily material information and may be of limited value in the case of retail non-equity securities. Whereas an equity investor may be directly influenced even by slight changes in profits and their forecasts, the non-equity investor (with the exception of convertible bonds) will look at material and adverse changes of the issuer's solvency only. In view of the latter, the non-equity investor will be duly informed by the 'Trend Information' in the prospectus under item 8.1 of Annex 3. According to the same respondents, for non-equity securities, there seems to be no benefit in including a profit forecast, unless the forecast is so extreme that it will impact an issuer's ability to make payments on the bonds.

246. By contrast to the above, the remaining respondents, largely representing the legal and accounting profession as well as investors' association and regulated markets, deemed it important to maintain the requirement for the audit report both because it adds value for investors' protection and its removal would be of little benefit in terms of costs saving for equity and non-equity issuers alike. Some of them deemed it important to consider that the audit report would, however, be required by underwriters before proceeding with an issue. In this regard, answers to the following question provide a more comprehensive summary of these respondents' views.

Input from the SMSG

247. SMSG commented that there is a difference between the information needs of investors in equity and those in retail debt. In its opinion, ESMA's proposed alignment of the requirements relating to profit forecasts and estimates is unnecessary.

ESMA's response

248. The matters raised under this question have been addressed under Question 14. ESMA has reconsidered its position in relation to profit forecasts and estimates in non-equity prospectuses. ESMA acknowledges that profit forecasts and estimates are not always relevant to investors for non-equity and has therefore decided that neither a requirement to include outstanding profit forecasts or estimates, or an any audit report thereto, is necessary.

Question 31: Do you agree with the proposal that outstanding profit forecasts and estimates should be included in the registration document?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	0	0	6	1	8	4	4

249. ESMA received 28 responses to Question 31. A clear majority of respondents (21 out of 28) disagreed with the proposal to require outstanding profit forecasts to be included in non-equity securities prospectuses. In their opinion, the assessment of whether or not a published profit forecast or estimate is material for non-equity retail investors should be left to the issuer. Some of them suggested to maintain the *status quo*, where there is no obligation to include profit forecasts in non-equity prospectuses but, in the event they are included in a prospectus, it was suggested that they should be reported on by auditors in order to ensure investor protection. Others, however, supported the position to remove the audit report.

ESMA's response

250. In light of the responses ESMA has amended its position. ESMA's is of the view that it is for the issuer to determine whether, or not, it is necessary to include outstanding profit forecasts and profit estimates in the registration document, therefore maintaining the status quo under the current regime. In circumstances where an issuer voluntarily includes a profit forecast or estimate, there shall not be a requirement to provide an audit report. Please note that this matter has also been referred to in questions 14 and 30.

Question 32: Do you agree with the deletion of the disclosure requirement related to board practices? Would this significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	0	0	6	4	6	2	3

251. ESMA received 26 responses to Question 32. The majority of respondents agreed with ESMA's proposal to delete the disclosure requirement related to board practices, as it would not add value in terms of investor protection. According to those respondents, it was felt that in the event information on board practice, or the issuer's audit committee, become material for non-equity investors, in a specific case, then in those circumstances it should be included in the prospectus based on the materiality test set out by Article 6.1 of the Prospectus Regulation.

ESMA's response

252. ESMA's proposal to delete the current requirement related to board practices will be upheld. ESMA does not believe that such a section adds significant value for a non-equity investor and consequently, on the basis of cost-benefit, in terms its cost of production for the issuer and the simultaneous lack of major value for the investor, ESMA will remove the requirement. As reflected in the responses, ESMA is of the view that should the circumstances warrant it, the issuer may exercise its discretion to include such information of the basis of its own materiality assessment in accordance with Article 6.1 of the Prospectus Regulation.

Question 33: Do you consider that any further changes should be made to the retail debt and derivatives registration document? Please advise of any costs and benefits that would be incurred by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	0	0	6	1	3	3	4

253. ESMA received 21 responses to Question 33. A number of responses to the Consultation Paper (provided to this question) reflected responses provided in relation to other questions in the Consultation Paper and therefore have not been repeated in the summary of responses below. These included responses related to:

- Significant change statement - Question 20;
- Material contracts - Question 20;
- Issuer's websites - Question 11; and
- Significant change in financial performance and significant change in financial position - Question 20.

254. It was noted that neither the term 'financial position' nor the term 'financial performance' is defined in the Prospectus Regulation, bringing uncertainty to the application of these terms. One respondent asked why in item 8.1 of Annex 3, a 'material adverse change' statement is required to refer to the latest audited financial statements and not the latest published financial statements, consistent with the significant change statement.

255. In item 13 of Annex 3, in the case where the issuer is an SPV and the debt securities are fully guaranteed and full disclosure is provided in respect of the guarantor, it is considered helpful by one respondent to include a provision similar to item 8.1 of Annex 11 (Asset-Backed Securities) that an SPV that has not yet produced financial statements. According to one respondent, audited historical financial information in respect of an SPV issuer of debt securities does not include any information material for investors; however, significant additional costs and time are required for their preparation.

256. Two respondents noted that the proposed abolition of Annex XI will lead to unnecessary additional disclosure requirements for bank issuers regarding share capital and articles.

For non-equity investors, in general, the financial statements included in the prospectus and the memorandum and articles of association, available electronically, already provide all the information needed.

257. Two respondents supported the removal of the requirement whereby issue specific final terms need to repeat all non-applicable items in the form of final terms and designate them as ‘not applicable’. It should be allowed to keep the complete list of items from the form of final terms, but not required.

258. Regarding item 13.3.3 of Annex 3, the same two respondents were of the opinion that the source of unaudited information does not seem to be a relevant factor for investors. Also, a reference to information being unaudited seems redundant since any information has to be deemed unaudited unless expressly declared audited.

259. One respondent suggested deleting item 10.1 of Annex 3, as this kind of information does not seem to be of much relevance for an investor in debt securities. It was proposed that it should be sufficient just to name the relevant persons. Two respondents agreed with the proposed deletion of the disclosure requirement in respect of board practices, item 11 of Annex 3. They proposed that the disclosure requirement in respect of the principal activities performed by members of the issuer's administrative, management and supervisory bodies outside their position at the issuer also be deleted. It was suggested that a more appropriate alternative might be to name senior management.

260. One respondent felt that item 13.1 of Annex 3, in relation to accounting standards, should clarify that this only applies to issuers and not to guarantors, i.e. a guarantor should not be obliged to change its accounting from national GAAP to IFRS due to the sole fact that it guarantees certain securities.

261. To one respondent it was not clear why, according to item 13.1 of Annex 3, annual financial statements prepared according to national accounting standards should be required to include a statement of changes in equity, consistent with the requirements in Annex 1.

262. Regarding information under sub-heading ‘Interim and other financial information’ item 13.1 of Annex 3, one respondent believed that the current requirement to either include in a (base) prospectus the audit or review report does not cater for the possibility that the issuer's auditors have reviewed any such interim financial statements, but have not prepared a review report. For this reason they suggest amending the wording of the first paragraph of the aforementioned section as follows: "(…) If the quarterly or half yearly financial information has been reviewed or audited and a corresponding audit or review report is published, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or no review report was published state that fact."

263. One respondent found that the more prescriptive approach on risk factors will be difficult for issuers to comply with.

264. Relating to items 14.1 and 14. 2 of Annex 3, relating to 'Additional Information', one respondent was of the opinion that the disclosure requirements regarding the amount of issued share capital and the issuer's memorandum and articles of association go beyond the general duty of disclosure from the perspective of a debt investor. This respondent suggested that these items should also be deleted.

265. One respondent suggested including an item on pro-forma financial information as follows: "Any Pro-forma financial information is to be presented as set out in Annex 12 and must include the information included therein including the report prepared by independent accountants or auditors."

266. One respondent proposed to have a separate information item on whether or not a security trustee or similar services provider is used.

ESMA's response

267. ESMA notes that the terms 'financial position' and 'financial performance' are used in various EU Regulations ('financial position' in Article 6 of the Prospectus Regulation and 'financial performance' in the Capital Requirements Regulation (EU) No 575/2013) and considers that the terms are well known to the market. ESMA will, in keeping with the share registration document (Annex 1) retain the annex items on significant change and trend information, as set out in the format and content Consultation Paper. As for the comment concerning the material adverse change statement (item 8 of Annex 3) this is required in relation to audited financial statements on the basis that it concerns a potential negative outcome following an audit. Accordingly, the weight of such a determination underpins the rationale for the distinction in the use and application of such language.

268. In relation to the points raised concerning SPVs issuing debt that is fully guaranteed and full disclosure in respect of the guarantor, ESMA considers this as a matter which should be dealt with by NCAs on a case-by-case basis. Similarly, concerning the point raised about audited historical financial information in respect of an SPV, this specific type of scenario is best dealt with case-by-case and it should be noted as a reminder that this particular case potentially engages the omission of information request process.

269. In relation to the removal of Annex XI of the Commission Regulation this was motivated by the fact that there were only minor differences, in terms of disclosure requirements, for credit institutions (as against other debt issuers) by virtue of that specific schedule; it was therefore considered a logical proposal to remove that schedule. ESMA has noted the arguments raised by two respondents, as a consequence of the aforementioned removal, which arise in relation to share capital and articles of association. ESMA does not, however, accept that the reproduction of such information is unduly burdensome, as Annex XI currently already requires the production of the articles of association under the section 'documents on display'. Further, in terms of additional disclosure in relation to the memorandum and articles, item 14.2 of Annex 3, represents the maximum to which the new requirement for credit institutions will extend. Moreover, as for information

regarding share capital, item 14.1 of Annex 3, is understood as a similar maximum requirement which ESMA does not believe is too onerous.

270. Regarding the comments raised in relation to the item 13.3.3 of Annex 3, ESMA wishes to highlight that the disclosure requirement, in the Consultation Paper, has been carried forward from the present requirements under the Commission Regulation and will not be removed. ESMA considers that the stakeholders' assumption, that investors consider all information in the prospectus as unaudited unless it has been expressly stated that it has been audited, may be flawed and that it is possible that investors assume the opposite, i.e. that all information has been audited unless it has been stated that it is unaudited. In addition, there has been no indication to suggest that this item has caused any issues in terms of costs, or otherwise, and accordingly has been maintained.

271. We note one respondent's concern with regard to item 10.1 of Annex 3. However, as information in relation to the principal outside activities of members of the administrative, management and supervisory bodies is generally easy for the issuer to reproduce and may be of importance to an investor in assessing the management of the issuer, the requirements of the aforementioned item shall not be amended to include the respondent's suggestion. With regard to naming senior management, this is already a requirement in this disclosure item. The requirements are minimalistic in comparison to the share registration annex and are not deemed unduly burdensome.

272. In relation to guarantor's financial statements, ESMA is not compelling a guarantor to adopt IFRS if it is not otherwise required to do so e.g., in case it does not have securities admitted to trading on a regulated market.

273. ESMA's understanding with regard to the respondent who stated that issuers preparing financial statements according to their national accounting standards have to include a statement of changes in equity, has misunderstood the requirement. There is no such requirement in Annex 3. If the question is why is there not such a requirement, the reason that cash flow statements and a statement of changes in equity are not required where issuers use national GAAP is because national GAAP may not require these statements and it would be overly burdensome for issuers of non-equity to be required to produce these statements.

274. The language under item 13 of Annex 3, sub-heading 'Interim and other financial information' will not be amended to reflect the drafting suggestions by one particular respondent. The current language refers to a situation whereby there has been publication, regardless of any audit or review. Accordingly, the language under the aforementioned sub-heading, referring to interim financial statements, shall remain as it is currently presented in the Consultation Paper.

275. With regard to the comment on risk factors, this is set out at Level 1. Therefore this matter is not within ESMA's mandate.

276. The information in item 14 of Annex 3, under the heading 'Additional Information', will remain as proposed in the Consultation Paper. This has been carried forward from the current regime and has not attracted any major criticism. The disclosure requirements under this section are not understood by ESMA to present significant challenges to issuers and as a result ESMA will maintain this item on the basis that it may provide welcome disclosure for investors.

277. An item concerning pro-forma financial information will not be included in the retail debt and derivatives registration document schedule. If inclusion of pro-forma financial information is made on a voluntary basis then the requirements of the Annex 12 building block are engaged.

278. We note the comment concerning use of a trustee or similar service provider. However, information relating to security trustees is treated in the securities note annex (item 4.10 of Annex 5) and therefore ESMA does not consider it necessary to repeat the disclosure item.

Question 34: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	2	0	4	1	2

279. ESMA received 15 responses to Question 34. One respondent expects the impact to be generally positive.

280. Two respondents think that it improves the flexibility of issuers to only disclose in prospectuses what is material to retail non-equity investors. Investors benefit in that the prospectus only contains what is relevant to them to make an informed investment decision. The new requirements regarding issuer credit ratings, borrowing and funding structure, and, for banks, capital and were said to be in conflict with this.

281. One respondent is concerned that costs would be materially increased by the introduction of item 5.1.7 of Annex 3 and new requirements for the description of the use of proceeds. Proposals such as that relating to the cover note and a section on "how to

use the prospectus" also would not decrease costs. It was said that changes in costs are difficult to gauge.

282. One respondent considered that the Prospectus Regulation should offer issuers the opportunity to include, in a supplement to the prospectus, any information which is useful to the investors such as regulatory changes and updates.

283. One respondent feared that any amendments to the existing prospectus regime proposed in the Consultation Paper are likely to result in implementation costs for issuers (in particular in case of automated document production IT tools). It seems at least doubtful to the respondent that all changes proposed in the Consultation Paper are properly balanced between the needs of issuers (i.e. in terms of administrative burdens and costs) and of investors (i.e. in terms of the comprehensibility and accessibility); in particular since some changes proposed, in relation to debt securities with a derivative element, will highly likely result in a de facto product ban of these debt securities and will, consequently, also have a significant economic impact in the business of affected issuers.

284. One respondent was of the opinion that the additional detail required could increase drafting costs and thus dissuade issuances.

ESMA's response

285. ESMA has taken on board many of the concerns raised by market participants and has consequently withdrawn proposals such as the cover note and the section on "how to use the prospectus," which were seen as costly by market participants. ESMA has endeavoured to preserve as much issuer flexibility as possible while at the same time trying to simplify the prospectus for both issuers and investors in line with the objectives of the revision. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors.

286. In response to the comment raised asking that issuers use supplements to include any information which is useful to the investors, such as regulatory changes and updates, ESMA notes that if this information is material to investors at the time of the prospectus it has to be included in the prospectus. If these are significant new factors that arise between the publication of the prospectus and the end of the offer period, or the admission of the securities to trading, the issuer is required to publish a supplement. However, it is not a requirement to publish information on regulatory changes or updates if these are not significant as this would create an additional burden on issuers and goes against the objectives of the Prospectus Regulation. With regard to the comment referring to automated document production IT tools, this reference appears misplaced. This matter has not been discussed within the Consultation Paper. Lastly, as for the point raised concerning changes in relation to debt securities with a derivative element, ESMA understands this as referring to the re-categorisation suggestions in the Consultation Paper which have now been revised and addressed in the questions relating to the debt and derivatives securities notes and derivative building block.

3.1.6. Content of the wholesale (qualified) debt and derivatives registration document

287. This section summarises the feedback which ESMA received in relation to Questions 35 to 37 along with ESMA's response to this feedback.

Question 35: Do you agree with the removal of the requirement for wholesale non-equity issuers to restate their financial statements? Would this significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	35 Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	4	1	4	3	4

288. ESMA received 21 responses to Question 35. Sixteen respondents generally agreed with the proposal. Three of them stated that wholesale investors should be capable of understanding the non-restated financial statements, while one of them thought that such a proposal would significantly reduce the burden and costs of prospectuses on issuers. Six of them expressly noted that they did not think that the removal would affect the informative value of the prospectus for investors. Two respondents did not have a strong opinion on the issue.

289. Three respondents did not agree with the removal of the requirement. One stated that a removal would effect that an issuer who reports under national GAAP and offers debt instruments to institutional investors and admits these instruments to a regulated market afterwards, would prepare the prospectus on the basis of national GAAP figures only. All models prepared by investors or analysts would be based on these figures. As soon as the instruments would be admitted to regulated market, the issuer would need to report under IFRS. All trend information would be no longer applicable and all models would not hold up anymore. This may cause a lack of confidence and may adversely affect markets.

ESMA's response

290. ESMA's position with regard to the removal of the requirement for wholesale non-equity issuers to restate their financial statements remains unchanged.

291. In response to one concern which had been raised about this suggestion, notably that investors or analysts would prepare financial models based on the GAAP figures provided, ESMA reaffirms its position to remove this requirement on the basis that

institutional investors should have the capacity to execute the necessary due diligence. It was considered a suggestion which would facilitate a useful alleviation from the point of view of drafting a prospectus and a matter which would not cause any investor protection issues on the basis of the market concerned.

Question 36: Do you consider that any further changes be made to the wholesale debt and derivatives registration document? Please advise of any costs and benefits that would be incurred by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	6	1	2	3	3

292. ESMA received 20 responses to Question 36. A number of responses to Consultation Paper (provided to this question) related to the retail debt registration document and have therefore not been repeated in this section. Additionally, for comments received linked to matters that are the same or similar in the share registration document, cross-references have been provided:

- the disclosure regarding trend information and significant changes in the issuer's financial position - Question 33;
- material contracts - Question 20;
- issuer websites - Question 11;
- profit forecasts and estimates - Question 14;
- item 9.1 Annex 4 (similar to item 10.1 of Annex 3) – Question 33;
- cash flow statement and a statement of changes in equity – Question 33;
- pro-forma financial information - Question 33; and
- shortening from 18 to 16 months (item 11.1 of Annex 4) – Question 20.

293. One respondent welcomed that the ability to include a profit forecast for issuers of wholesale debt had been maintained and remarked that any change to this would be unwelcome.

294. Four respondents wanted a clearer distinction between the retail and wholesale debt prospectuses. The wholesale debt prospectus should be much simpler than the retail debt prospectus. As regards the disclosure of non-financial information (e.g. environmental, social and governance (ESG) items) there should be no requirement to publish such ESG items in the wholesale prospectuses. One of the respondents explained that those factors were only taken into account by a few institutional investors in their investment decision and that the sustainability report of the issuers would provide more information. One exception to this was to be made for specific securities that promoted ESG aspects (e.g. green bonds), so issuers should be able to include them in the prospectus on a voluntary basis.

295. One respondent proposed to also have a separate information item on whether or not a security trustee or similar services provider is used. An issuer that has contracted such a party would incur costs. However, they thought that it would also benefit the issuer as it could streamline certain processes, especially in case of a default and the creation and exercise of any right under any guarantee or other form of credit support.

ESMA's response

296. The responses to the questions which have been raised elsewhere, as indicated above in the summary of responses, have been addressed where they first appear.

297. In response to the comment concerning the distinction between wholesale and retail debt disclosure, ESMA considers that there is alleviation in the wholesale disclosure regime, for example in relation to the issuer's borrowing and funding structure, principal activities, interim financial information, share capital and memorandum and articles. ESMA considers that the reduction in the disclosure requirements for retail debt is in line with the objectives of the Prospectus Regulation in making prospectuses more fit for purpose. In relation to the comments concerning the inclusion of non-financial information particularly in relation to environmental, social and governance disclosure, ESMA has not consulted on this and has no specific disclosure in relation to the matter; however, ESMA would like to reiterate that if, according to the issuer, material information arises in the context of such non-financial information then it is expected to be reproduced in the prospectus.

298. We note the comment concerning use of a trustee or similar service provider. However, information relating to security trustees is dealt with in the securities note annex (item 4.11 of Annex 6) and therefore ESMA does not consider it necessary to repeat the disclosure item.

Question 37: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	0	0	2	1	1	3	2

299. ESMA received 13 responses to Question 37. A number of responses to the Consultation Paper (provided to this question) either replicated completely, or were very similar to, responses submitted under previous questions, for example in relation to:

- issuer's website - Question 11; and
- significant change statement - Question 20.

300. Two respondents expected the impact to be generally positive. One of them commented that the removal of the requirement to restate financial statements should reduce costs. However, two respondents pointed out that the approach to largely retain the current 'wholesale debt annex' softened the impact of the proposed technical advice and another felt that the changes proposed were not properly balanced.

ESMA's response

301. The responses to the questions which have been raised elsewhere, as indicated above in the summary of responses, have been addressed where they first appear.

302. Without the submission of quantitative data regarding the potential additional costs that the contested requirements (above – particularly those made in relation to items cross-referred due to repetition of arguments i.e., issuer's website) will create, ESMA's position in respect of the proposals suggested in the Consultation Paper is that they are warranted from an investor protection perspective and will endeavour to maintain them. Without a firm basis to substantiate the cost arguments, it is felt that the transparency provided for investors by such requirements is sufficient grounds for ESMA's to pursue these proposals.

3.1.7. Content of the retail debt and derivatives securities note

303. This section summarises the feedback which ESMA received in relation to Questions 38 to 43 and presents ESMA's response to this feedback.

Question 38: Do you agree with the way in which disclosure on taxation has been reduced? Would this significantly affect the informative value of the prospectus for investors?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	1	6	4	5	3	4

304. ESMA received 30 responses to Question 38. The majority of respondents agreed with the proposal. It was felt that that the current disclosure was of limited informative value to investors as it was by its nature generic, could not possibly cover all individual tax consequences and information would be too complex for retail investors.

305. However, respondents raised concerns with regards to the term 'specific tax regime' as this term had not been explained. In addition, such tax regimes might change frequently and apply differently to the individual investors. One respondent suggested that information relating to a specific tax regime should only be required where the overall structure and design of the securities would be purely tax motivated but not where the investment in the securities benefited more generally from a favourable tax treatment.

306. One respondent, pointed out that the proposed change was detrimental from an investor protection point of view as investors would no longer be informed on taxes withheld at sources and responsibility for withholding of taxes at source. Respondents also pointed out that the reference to 'Member State of incorporation' should be amended to reflect that issuers may be incorporated in third countries. Finally, respondents proposed that the term 'warning' should be replaced with a more neutral word as it could otherwise be interpreted as a risk.

ESMA's response

307. ESMA's position is to maintain the proposal. The term 'specific tax regime' is used at Level 1 (Recital 47) and ESMA is unable to further clarify or define terms used at Level 1.

308. Noting respondents' concerns regarding certain terms used such as 'specific tax regime; warning and Member State of incorporation', ESMA's position is that it is bound by the Level 1 text from which such terminology is derived. Please also note the ESMA response under Question 26.

309. In response to the stakeholder's concern regarding withholding tax information, ESMA wishes to make clear that issuers are not prevented from disclosing withholding tax information if they feel the inclusion of such information is warranted. The proposal concerning information related to tax has been determined by reference to Recital 47 of the Level 1 text and aims to reduce burdensome disclosure requirements, but does not prevent issuers from drafting such disclosure if the issuer considers its inclusion necessary.

Question 39: Do you consider there are any negative consequences of the requirement to make details on representation of security holders available electronically and free of charge? Would this imply any material additional costs to issuers? If yes, please provide an estimation.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	4	1	3	2	3

310. ESMA received 19 responses to Question 39. The respondents again repeated the comments about issuer's websites from Question 11.

311. The majority of the respondents agreed with the proposal. They did not foresee any negative consequences or additional costs.

312. One respondent raised confidentiality concerns by issuers and trustees where information might become widely available. The respondents suggested that access should be allowed to be restricted to security holders via a click-through screen or password. Other respondents disagreed that publication on a website should be mandated. Instead, as long as investors are provided with free access to such information, the issuer should be able to select the most appropriate format.

313. Some respondents suggested adding a clarification that the requirement only applies where a representative of security holders has been appointed. Another respondent suggested substituting 'contracts' for 'terms and conditions' as the representation may not necessarily be contract based.

ESMA's response

314. The response in relation to the issuer's website has been addressed in Question 11.

315. ESMA will not propose new language to clarify that the requirement only applies where a representative of security holders has been appointed as, where this is not the case, the item can be marked as not applicable (n/a). Additionally, ESMA does not intend to substitute the use of the word 'contracts' as this has been carried forward from the existing Commission Regulation.

316. As a general comment, ESMA has redrafted the section on representation of debt security holders to bring the prospectus requirements up to date with current technology. This disclosure requirement was never meant to be restrictive and investors should always have been able to have access to the contracts relating to these forms of representation. As in the case of the 'documents available' sections, such information is required to be available to all investors but, as shown by certain respondents, such information may be restricted to only a few investors if only the requirement for physical inspection is retained. ESMA is of the opinion that the proposal set out in the Consultation Paper creates a level playing field and equal disclosure for all investors and will include this in its technical advice.

Question 40: Do you consider that expenses charged to the purchaser should also include implicit costs i.e. those costs included in the price (item 5.3.1)?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	1	5	1	2	2	3

317. ESMA received 20 responses to Question 40. Eleven respondents did not agree with the proposal that implicit costs should be included in the price disclosure under item 5.3.1 of Annex 5. This was considered unnecessarily burdensome for issuers as they would already have to provide information on product costs for securities, including implicit costs, under MiFID II and the PRIIPS Regulation from 1 January 2018. The development of the related cost disclosure methodology for both, in order to provide investors with meaningful information has taken considerable time and effort. It was also argued that the investor was already provided with all the relevant information for its investment decision through the expected price, method of pricing and all costs and taxes specifically charged to the investor. There was still uncertainty what constitutes implicit costs and so far no precise methodology had been provided to the market.

Furthermore, the point was made that in case of a debt offering there were no such costs imposed and that the issuer might not necessarily be aware of any costs charged to an investor by a financial intermediary.

318. Six respondents, including an investor association, supported this proposal as it would enhance price transparency for investors. In addition, such respondents emphasised that the description of implicit costs was already standard practice in some Member States.

ESMA's response

319. ESMA requires, to the extent that they are known, that the expenses included in the price charged to the subscriber or purchaser should be disclosed. ESMA does not consider the requirement as onerous or costly to the issuer. ESMA considers that this information is important for an investor in order to make an informed investment decision.

Question 41: Do you agree with the proposal that the issue price of the securities to be included in the prospectus in the case of an admission to trading?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	1	3	1	4	2	3

320. ESMA received 20 responses to Question 41. The majority of the respondents agreed with the proposal to include the issue price of the securities in the prospectus, in case of admission to trading. This would provide investors with the evolution of the price for the secondary markets. Some respondents also pointed out that the issue price was already often included in the Final Terms, as standard practice for both retail and wholesale debt and derivative securities. Some respondents, however, mentioned that the issue price might not have necessarily been set prior to approval of the prospectus. Other respondents opposed to this proposal stated that the issue price was of no informational value to investors as it would only be valid for a mere logical second at the start of trading.

ESMA's response

321. ESMA considers that disclosure of the issue price, from an investor perspective, provides a valuable indicator on which to base an investment. In addition, this has been

designated a Category C item and can, therefore, be included in the final terms rather than in the base prospectus. Accordingly, ESMA will retain this requirement.

Question 42: Do you consider that any further changes be made to the retail debt and derivatives securities note? Please advise of any costs and benefits that would be incurred by the further changes you propose.

Stakeholder feedback

Banking	Government, regulatory and enforcement	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	1	0	2	1	3	1	2

322. ESMA received 16 responses to Question 42. The majority of respondents had concerns about the reclassification of the 'type of securities' from Category B to Category A. 'Type of securities' is not a defined term and it was unclear what level of granularity would be applied. The respondents argued that Category B should be retained for the 'type of securities' as this would provide for options to be inserted in the Form of Final Terms, and as such, more flexibility. The effect of the re-categorisation proposal in the Consultation Paper was seen as potentially restrictive in relation to the use of multi-product programmes.

323. Respondents welcomed ESMA's clarification that replication of Category A and B information was permissible in the final terms as this would make final terms more comprehensible for investors.

324. One respondent suggested that the wording of the risk factor disclosure in item 2.1 of Annex 5, should also make reference to market risk as it would be the case under the current legislation.

325. A number of respondents disagreed with the analysis by ESMA, which was set out in paragraph 137 of the Consultation Paper, regarding where an issuer chooses to use a PRIIPS KID as part of the summary, that the information contained in that KID should also be included in the body of the prospectus; or, in case of a base prospectus, in the related final terms. This would increase issuer liability and add costs as the responsible persons and the responsibility regimes could differ. Also, the KID information might have to be updated during the life of the prospectus by way of prospectus supplement. In addition, respondents pointed out that definitions differed widely between the two regimes. Other respondents welcomed this new requirement but sought additional clarification that such additional information could either be presented within a single

block or included in the different sections throughout the prospectus. This would provide issuers with the necessary flexibility as to where best present the information.

326. Two respondents pointed out that the addition of 'by electronic means', in item 4.7(d) of Annex 5, where issuers are required to indicate where information about the past and future performance of the underlying can be obtained should be deleted, as it may require a licence.

327. Finally, respondents suggested that a similar reference to Regulation (EU) 2016/1011 as included in item 4.2.2 in the Derivatives Building Block in Annex 7 should also be added to Annex 5 as Article 29(2) of Regulation (EU) 2016/1011 applies to all securities that reference a benchmark, not only to derivative securities.

ESMA's response

328. In relation to the proposal concerning re-categorisation of certain disclosure items ESMA will not pursue this suggestion and will not amend the current categorisation of these items. The suggestion to change the current categorisations was highlighted as potentially being particularly detrimental in the context of multi-product programmes, where the current flexibility for insertion of security options within the form of final terms was considered at risk of being undermined by a request for granular detail at Base Prospectus level.

329. As for the comment concerning the risk factor wording, ESMA points out that the main risk factor disclosure requirements under the securities note for retail debt and derivatives has been combined. ESMA's position, with regard to the content of the requirements under item 2 of Annex 5, is that it will remain as proposed. ESMA has drafted a further building block for specific derivative disclosure and believes that the respondent's suggestion has been addressed by virtue of the content under item 2 of Annex 7 and the expanded disclosure requirements under Annex 5, which in ESMA's view encompasses all material risks, including market risks.

330. The Level 1 text enables issuers to use the PRIIPs KID as part of the summary. In ESMA's view a summary summarises information contained elsewhere, which in this case means information included in the prospectus. A summary, as it is envisaged under the prospectus regime, would not constitute a prospectus summary if the PRIIPs KID information was not included in the body of the prospectus. ESMA considers that it is unable to change this requirement given that this is a logical consequence of the inclusion of the KID in the summary. In terms of where the information relating to the PRIIPs KID should be placed in the prospectus, ESMA considers that it should be left to the issuer to determine how best to present the information in the context of the issue of securities.

331. In relation to obtaining information on the past and future performance of the underlying by electronic means, ESMA considers that this method of receiving the information provides investors with the most relevant up-to-date information on the past and future performance of the underlying. Nevertheless, ESMA notes that this information may not

be provided free of charge to an investor. As ESMA has not consulted on this aspect, ESMA will consider whether it is necessary to provide further guidance at Level 3.

332. The new disclosure requirement, in the derivative securities building block, which requires the prospectus to indicate whether an administrator of a benchmark is included in the ESMA register will not be inserted into the retail and wholesale debt and derivative securities note schedules. ESMA notes the requirements of Article 29(2) of Regulation (EU) 2016/1011 and accordingly expects the issuer, offeror, or person asking for admission to trading on a regulated market to provide such disclosure in compliance with its obligations under that provision. In order to provide a consistent approach, ESMA will therefore remove the requirement relating to the administrator of the benchmark from Annex 7 (the derivative securities building block).

Question 43: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	1	2	2	1	2	1	1

333. ESMA received 17 responses to Question 43. Respondents reiterated that ESMA's proposal to include PRIIPs KID information in the prospectus, where the summary is substituted, in part, with the PRIIPs KID (and to the extent that it was not already disclosed elsewhere in the securities note) would have cost implications in addition to concerns regarding responsibility/liability and updating of information.

334. Respondents also reiterated that a re-categorisation from B to A for the 'type of securities' may increase costs, as it may restrict the use of multi-product programmes. The re-categorisation to Category A would make it mandatory for the information to be included in the base prospectus and remove flexibility. Should ESMA maintain the re-categorisation, ESMA should clearly define the 'type of securities' in a broad manner in order to limit the need for multiple base prospectuses.

335. One respondent pointed out that ESMA missed an opportunity to address the fact that base prospectuses have become much larger and complicated. The proposed changes

to the schedules were unlikely to have a material impact on the readability of base prospectuses.

336. Finally, respondents highlighted that the changes to the tax disclosure were likely to result in cost savings for issuers. However, this might be offset by the requirement to include implicit costs.

Input from the SMSG

337. In the SMSG's opinion, ESMA's proposal to include the PRIIPS KID in the body of the prospectus was, at first glance, a consistent step. However, it will most likely to lead to difficulties as the KID is updated on a regular basis. The SMSG considered that this would deter issuers from including the KID in the summary.

338. The SMSG considered the re-categorisation of some items from category B to category A would cause the issuance process via a base prospectus to be unmanageable and uneconomic.

ESMA's response

339. ESMA has taken account of the concerns raised by market participants and has consequently withdrawn proposals such as the re-categorisation of items from B to A, which were seen as costly by market participants. However, items such as the use of the PRIIPS KID in the summary are set out at Level 1 and it is necessary for ESMA to provide disclosure requirements around this Level 1 measure. In addition, ESMA has endeavoured to preserve as much issuer flexibility as possible, while at the same time trying to simplify the prospectus for both issuers and investors in line with the objectives of the revision. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors. ESMA welcomes the feedback that the proposed changes to the tax disclosure are likely to be positive for issuers.

3.1.8. Content of the wholesale debt and derivatives securities note

340. This section summarises the feedback which ESMA received in relation to Questions 44 to 46 along with ESMA's response to this feedback.

Question 44: Do you consider that any further changes be made to the wholesale debt and derivatives securities note? Please advise of any costs and benefits that would be incurred by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	0	1	1	1	3	1	3

341. ESMA received 14 responses to Question 44. For the sake of clarity, ESMA would like to draw the reader's attention to the fact that the Consultation Paper on the format and content of the prospectus inadvertently included two questions numbered 44: a) in relation to the use of proceeds in the wholesale debt and derivatives securities note on page 112 and b) in relation to the derivative securities building block on page 121. Only the question concerning the wholesale debt and derivatives securities note was included in the list of questions in Annex III of the Consultation Paper. In order to include responses to both these questions, ESMA has addressed Question 44 (which was included in Annex III of the Consultation Paper) first and has created a Question 44 BIS which follows in order to address the remaining Question 44.

342. A number of the responses to the Consultation Paper (provided to this question) were very similar to responses provided in relation to previous questions. Where these responses have already been addressed elsewhere, ESMA has provided the below cross-reference list:

- SPV issuers where the securities are fully guaranteed – Question 33;
- representation of debt security holders – Question 39;
- pro-forma – Question 33; and
- administrators of benchmarks – Question 42.

343. In relation to item 2.1 of Annex 6 (Risk Factors) in the wholesale debt and derivatives securities note, one respondent explained that complying with the new risk factors

requirement presented a number of serious practical challenges for asset-backed securities. The respondent considered that the Level 3 guidelines on risk factors were the appropriate forum in which to provide feedback in relation to this issue.

344. The same respondent disagreed with the ESMA proposal to change from B to A the category of item 4.2 of Annex 6 (“description of the type and the class of the securities being admitted to trading”) of the wholesale debt and derivatives securities note. This comment which is also be applicable to the corresponding item 4.1 of Annex 5 (retail debt and derivatives securities note) was made in relation to asset-backed securities programmes which could involve issuances of multiple tranches/classes of notes. The respondent mentioned that no rationale for this change had been provided in the Consultation Paper and explained that the re-classification did not make practical sense because, when the base prospectus would be prepared, the issuer could not possibly be aware of all the different tranches/classes of notes it might issue under its programme. A similar criticism of this item was provided by another two respondents who argued that there was no specific benefit in the proposed re-categorization of item 4.2 of Annex 6 and that the proposal could entail a restriction on the use of multi-product programmes because some information on or details of the types of instruments depended on the particular securities being issued.

345. One of those respondents noted that it was not clear what “class of security” meant in the context of debt securities. Clarifications on, for example, whether it was intended to refer to the seniority of the debt or to capture whether securities were intended to be fungible with securities issued previously.

346. A couple of respondents proposed that the expenses in item 6 of Annex 6 (“expense of the admission to trading”) should be disclosed in a more granular way as it would encourage transparency and foster a better understanding of the distribution of admission to trading fees across all market participants. They suggested that, for example, fees could be broken down into categories such as legal, communication, accounting, structuring, placement, regulatory and exchange fees. However, another respondent questioned this requirement alleging that it did not exist for retail prospectuses

347. One respondent also required further clarification on the new requirement to disclose the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including the LEI where the offeror has legal personality.

348. Another respondent commented that the disclosure test for debt securities should be adjusted to relate solely to an issuer’s/guarantor's ability to fulfil obligations under the securities or guarantee. They suggested that wholesale issuers would only need to disclose against items in the annex to the extent that it is relevant. If that was not possible they asked that NCAs were empowered and encouraged to permit omission of information where a specific item was not relevant to an issuer’s business or to the relevant securities.

ESMA's response

349. As regards the response on risk factors, ESMA points out that Article 16 of the Prospectus Regulation sets out the framework for the disclosure requirements under this item. Risk factor guidelines are also being prepared at Level 3, which is a requirement further outlined in Article 16 of the aforementioned regulation.

350. In response to the objection to the re-categorisation from B to A of the description of the type and the class of the securities being admitted to trading, ESMA will retain the B categorisation for this item on the basis that the proposed categorisation amendment, in the Consultation Paper, raised significant concern in respect of multi-product programmes.

351. In relation to the response about 'class of security' this has been carried forward from the Commission Regulation. ESMA is not aware that this wording has created problems in the market and therefore includes this wording in its technical advice.

352. With regard to the point on more granular disclosure of expenses related to admission to trading under item 6 of Annex 6, the disclosure item is intended to be for more general disclosure of such expenses. ESMA considers that this level of granularity may not be as relevant for wholesale investors as it is for retail investors. ESMA will not be drafting a similar requirement for the wholesale debt securities note to requirement referred to under Question 40.

353. As for the response concerning LEIs, ESMA has included the requirement on the basis of the Level 1 Regulation, specifically Article 7 of Prospectus Regulation (EC) 2017/1129.

354. In relation to the response concerning disclosure of relevant information only and NCA empowerment to allow for omission of information, Article 18 of Regulation (EC) 2017/1129 addressed the topic of omission of information.

Question 44 (BIS): Do you consider it useful that use of proceeds of issuance under this annex should be disclosed when different from making a profit or hedging risk?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	0	3	0	0	3	0

355. ESMA received 9 responses to Question 44 (BIS). This question was included in the Consultation Paper but inadvertently did not appear in the responses form. This is ostensibly the reason why only few respondents have provided ESMA with their views, on the proposal to disclose the use of proceeds in wholesale debt and derivatives securities prospectuses; of the responses received the views were divided.

356. Some respondents argued that ESMA did not provide a clear rationale for the proposal and added that the purpose of the wholesale debt and derivative prospectus is not the offer but the admission to trading on a regulated market. They also explained that such offers usually refer to issuances of securities without special purpose but rather for general corporate purposes. Such respondents admitted that where the use of proceeds refers to a specific purpose, it could be interesting for investors. In such a case, they suggested that the issuer might include an explanation of the use of proceeds in the wholesale debt and derivative prospectus on a voluntary basis.

357. On the contrary, other respondents supported the proposal and confirmed that the use of proceeds was information that could be important for investors in the case of wholesale debt and derivative securities. They pointed out that it could be relevant, for example, in the case of 'Corporate Social Responsibility' issuances such as green bonds or social bonds. Some of these respondents suggested placing this new item as Category C, as it was already the case for the analogous disclosure requirement for retail.

358. A respondent said that, considering the difficulties involved in specifying the exact reason for issuance, it would be necessary to include a broader explanation and more general wording relating to the use of proceeds and also suggested clarifying this requirement further with the relevant authority.

ESMA's response

359. ESMA will amend the current wording of the disclosure item 3.2 of Annex 6 to reflect the language provided under Article 7(8)(c)(i) in the Level 1 text: "the use and estimated net amount of the proceeds". This is felt as providing enough scope to include information without placing onerous disclosure requirements for issuers issuing with a specific purposes, rather than general corporate purposes only.

Question 45: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	1	1	0	1	2	1

360. ESMA received 11 responses to Question 45. Two respondents were of the opinion that the proposals would slightly increase the costs but also admitted that there were good substantive reasons for the proposed new requirements. Another respondent pointed out that the publication on the website of the contracts relating to the representation of the holders in accordance with the proposal for item 4.11 of Annex 6 would imply establishment and maintenance costs. No estimates for the additional costs mentioned were provided by those respondents.

361. A more positive impact is anticipated by another two respondents. One of them considered that the proposed amendments would result in more meaningful information for investors without giving rise to significant additional costs for issuers.

ESMA's response

362. ESMA has endeavoured to preserve as much issuer flexibility as possible while at the same time trying to simplify the prospectus for both issuers and investors in line with the objectives of the revision and therefore ESMA welcomes the responses that recognise ESMA's efforts. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors. ESMA acknowledges the feedback that the proposed changes are likely to be investor positive.

3.1.9. Content of the derivative securities building block

363. This section summarises the feedback which ESMA received in relation to Questions 44[8] to 51 and presents ESMA's response to this feedback.

[8] The Consultation Paper on the format and content of the prospectus contained a numbering error whereby two Questions 44 were included.

Question 46: Do you agree with the proposal to make derivate disclosures a building block?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and	Others
5	1	-	1	1	2	2	3

364. ESMA received 15 responses to Question 46. Eight respondents expressed their agreement with the proposal to make derivative disclosures a building block. As an argument, they referred to simplification in the use of annexes.

365. Three respondents did not support the proposal. They explained that a single schedule for all types of derivative securities would be more transparent and easier to implement. One of these respondents provided a detailed suggestion for a "consolidated" securities note which would be applicable to all types of debt securities.

ESMA's response

366. As the majority of the respondents agreed with ESMA's proposal, ESMA will provide for a derivative disclosures building block in its technical advice. ESMA would like to highlight, however, the removal of one new requirement which had been included in the Consultation Paper within item 4.2.2 of Annex 7 relating to securities referencing a benchmark. In line with the rationale underpinning the response provided to respondents' comments under Question 42 (that this requirement should also be included as part of the retail and wholesale debt securities note) ESMA believes the inclusion of this paragraph is unnecessary on the basis that issuers are expected to be aware of their disclosure obligations under Regulation (EU) 2016/1011.

Question 47: Do you agree with the proposal to reclassify how the return on derivatives takes place from B to A? If not, please explain why.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Other
7	1	-	1	1	4	2	2

367. ESMA received 18 responses to Question 47. Only four respondents agreed with the proposal to reclassify how the return on derivatives takes place from B to A. The rest of the respondents expressed their disagreement. Among others, they referred to the following arguments:

- There were no particular issues with the current categorisation;
- Situations where the return may not be known at the date of the base prospectus should be considered;
- It might be costly without any significant value in such change;
- The proposal would unnecessarily reduce flexibility for issuers and the product range without improving comprehensibility for investors; and
- It could lead to an unduly large increase in the number of base prospectuses as the reclassification would prevent the description of instruments with different repayment structures in the same prospectus.

368. Some of the above respondents also argued that the proposal could be effective only for stand-alone prospectuses but not in the case of base prospectuses relating to multi-product programmes.

ESMA's response

369. In light of the arguments provided by stakeholders with regard to the proposed reclassification of how the return on derivatives takes place from B to A, ESMA has reconsidered its position and will advise that the current classification is retained and no changes are made in the classification of items. The arguments raised reflect a consistent theme regarding potential implications of the proposed amendments to categorisation. Due to the nature of the concerns raised, ESMA will not pursue re-categorisation of such nature on the basis that it may be very costly and too burdensome.

Question 48: Do you agree with ESMA's proposals to enhance the disclosure in relation to situations where investors may lose all or part of their investment?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
7	1	1	5	1	2	2	3

370. ESMA received 22 responses to Question 48. ESMA's proposal to enhance the disclosure in relation to situations where investors may lose all or part of their investment was explicitly supported by five respondents. However, one of those respondents considered that it would not be necessary for wholesale/institutional investors and another one warned that the proposal could overload the prospectus.

371. The other respondents raised significant concerns about the proposal. Some of them explained that, where applicable, the fact that the investor could lose all or part of the invested capital should be stated in the summary of the retail prospectus and, thus, it was not necessary to require an additional warning in the risk factor section as proposed by ESMA. A respondent added that as investors in any type of securities might lose all or part of their investment (for example, in case of an insolvency of the issuer), introducing different disclosure regimes would be inappropriate and even jeopardize investor protection.

372. The following paragraphs summarise the criticisms and suggestions in relation to the proposals in paragraphs 145 and 146 of the Consultation Paper on format and content of the prospectus, regarding information on the underlying securities and some of the disclosure requirements under item 4.2.2 of Annex 7 in the proposed building block.

373. A couple of respondents questioned the underlying assumption of similarity between credit linked notes and asset-backed securities on which the proposal in paragraph 145 was based. In the opinion of these respondents, the proposed alignment would be inappropriate as there are fundamental differences between these types of underlying security, in particular since the payments under asset-backed securities are linked to specific assets, whereas payments under credit linked notes are linked to the occurrence of credit events in relation to reference entities.

374. Some respondents considered that it would be too ambitious to treat the issuer of the underlying as if it were the issuer, especially if the relevant item is maintained as category A. The proposed requirements in item 4.2.2(ii)(c) and item 4.2.2(ii)(d) Annex 7 would be too burdensome. Furthermore, it would likely result in a de facto product ban

since the issuer of a debt security with a derivative element is unlikely to be able to provide such information (especially since that item is proposed as a category A item) and monitor material changes in the issuer of the security or reference obligation. If the underlying third-party entity is unwilling to co-operate, issuers might not be able to comply with this requirement at all.

375. Issuers would be exposed to prospectus liability for information that they cannot verify. For these reasons, some respondents suggested that it would be enough in order to ensure that investors could make their investment decisions on a fully informed basis if the issuer was only required to refer to readily available primary public sources of information, such as an approved prospectus in respect of the underlying or the website of the issuer of the underlying.

376. One respondent also made the suggestion that, in the event that ESMA decided to maintain the approach proposed in the Consultation Paper, the relevant NCA should intervene in order to set out i) how the information on the underlying should be obtained and ii) how the liability regime should be set between the issuer of the security and the issuer of the relevant underlying.

377. As regards the impact on investors, it was pointed out that i) the proposal would not help provide the potential investor with the most detailed and accurate information about the underlying securities as such information is generally available on the website of the issuer on the underlying securities and it will be updated regularly and ii) investors could always invest directly in, for example, the shares of the underlying company where such company was listed on a stock exchange, regardless of whether there is an up-to-date prospectus in respect of such shares.

378. Other respondents explained that the proposal to provide information relating to the issuer of the security or reference obligation, as if it were the issuer in item 4.2.2(ii)(c) of Annex 7 was totally impracticable from an operational standpoint and unduly risky from a legal perspective for issuers, as issues could be linked to thousands of different underlying securities and issuers. Such additional information about the issuer of the underlying would expose issuers to potential liabilities and would cause additional (legal and operational) costs. Inclusion of the information on the underlying security in the prospectus would be counterintuitive given that ESMA is encouraging dissemination of information by means of websites. One of these respondents mentioned that it was unclear what the reference to “able to ascertain” means and what kind of measures it requires from the issuer, and also raised some concerns about the extent of the description of the issuer of the underlying.

379. It was also suggested by some respondents that the information to be included in the prospectus in relation to the underlying should be limited to 1) the underlying security or reference obligation, 2) the ISIN code, 3) the name of the issuer of the underlying and 4) the address(es) of the electronic system(s) where information on the underlying as well as business activities/investment policies can be found.

380. Some respondents considered that further clarification of the term ‘equivalent third-country market’ would be essential in order to ensure a consistent interpretation of the rules on disclosures by issuers across the European Union.

381. Another respondent proposed that item 4.2.2(ii)(d) of Annex 7 should not only refer to issuers of underlying securities or reference obligations having securities admitted to trading on a regulated market, an equivalent third-country market or an SME Growth Market but also to ‘a regularly operating, recognized open market and/or any other trading venue (including, without limitation, MTFs, OFTs and/or systematic internalisers’).

382. It was suggested by a respondent that the category for the ‘brief description of the securities or reference obligations’ required under item 4.2.2 of Annex 7 ‘in case of a pool of underlyings, where a single security or reference obligation represents less than 20% of the pool’ be changed from B to C as this would reduce the number of base prospectuses.

383. As regards the case where the underlying is an index, a respondent considered that the category of the description of the index should be changed to C as from a practical perspective of the index the categorization of this requirement as B would not be possible. This respondent also added that the differentiation on the basis of the underlying is problematic as any classification other than C would not be possible from a practical perspective.

384. There was also a suggestion to change the category from B to C in relation to the disclosure of the description of the index provided by a legal or natural person acting in association with, or on behalf of, the issuer. The reason would be that, in practice, issuers would struggle to provide such information in base prospectuses. The same respondent also commented in relation to the new disclosure, to reflect the requirement in Article 36 of the Benchmark Regulation, that it would not be appropriate where the issuer is also the administrator of the relevant benchmark.

Input from the SMSG

385. The SMSG disagreed with ESMA’s proposal to include information on unlisted underlying issuers as if they were the issuer. It considered that this was too demanding and that issuers would be unable to verify the completeness of the information. Also the inclusion of this information as a category A item was considered problematic on the basis that the underlying elements of an issue might not be identified early enough to be included in the prospectus.

ESMA's response

For clarity (in Questions 48 to 51) please note that references to item 2.2.2 of Annex 7 are to the technical advice contained in the building block forming part of this final report. References to 4.2.2 of Annex 7 are to the Consultation Paper, unless otherwise stated.

386. The requirement to include a risk warning, where investors may lose all or part of their investment, is currently a requirement under the derivatives securities schedule (Annex XII Commission Regulation and, as such, would apply to wholesale investors. As a result, ESMA does not agree that the disclosure in Annex 7 is more onerous and burdensome than the disclosure requirement that it replaces.

387. In relation to concerns about the proposal to align disclosure on reference entities (in the case of credit-linked securities) with those for obligors in asset-backed securities, ESMA notes the difference between the underlyings. However, ESMA is of the opinion that in order to carry out an assessment of the risk associated with a credit-linked security, the disclosure template which already exists for both unlisted obligors and obligors that are admitted to trading on a regulated or equivalent market (within the asset-backed securities schedule of the Commission Regulation, item 2.2.11 of Annex VIII) is the most pertinent for this type of credit derivative. On the basis of investor protection, ESMA has accordingly drafted into item 2.2.2 of Annex 7, a similar requirement for credit-linked securities issued within the derivatives securities disclosure regime and believes that the requirements are clear.

388. In response to stakeholder concerns about liability and an inability to provide information on the issuer of the underlying securities, ESMA considers that it is made clear, in the fourth paragraph of item 2.2.2 of Annex 7, that the provision of the information is on the issuer's best efforts and is to be produced from information published by the issuer of the underlying. In ESMA's opinion, there is no requirement for the issuer to seek out unpublished information, or to have the third party's consent and co-operation in drawing up this disclosure item. The categorisation of this item as category A is warranted on the basis of investor protection. ESMA highlights to respondents that this requirement only applies where there is a large concentration of credit-linked risk concerning a reference entity, or issuer of a reference obligation, which would otherwise be difficult to obtain information on. ESMA does not agree that this will constitute a de facto product ban, as it merely improves the quality of disclosure in very specific circumstances.

389. With regard to the comment that investors would not be in receipt of the most recent information about the issuer of the underlying securities, ESMA considers that investors should at least be provided with certain information on the issuer of the underlying, where such information is available, in order to make their investment decision. ESMA considers the requirement is in the interests of investor protection and is also proportionate.

390. In response to the comment that the securities could be linked to thousands of different underlying securities and issuers, ESMA points out that the requirement in 2.2.2 of Annex 7 has been amended from the proposal in the Consultation Paper. The amended

requirements clearly distinguish between situations concerning an underlying security, as against an underlying reference entity or reference obligation. Further, as illustrated in paragraph 378 above, the disclosure requirements contested by respondents are limited only to very specific circumstances involving a heavy concentration of credit-linked risk related to reference entities, or reference obligations for which there is little public information available and investor protection justifies the inclusion of such.

391. As regards enabling reduced disclosure where an underlying is traded on an MTF, ESMA is concerned that the disclosure requirements relating to securities and issuers on these markets will not, in every case, be adequate for an investor assessing the underlying securities. ESMA will not therefore include MTFs and markets other than those set out in Annex 7. ESMA considers that 'equivalent third country market' is to be understood in the context of the MiFID II requirements.

392. With regard to the comment suggesting that the 'brief description of the securities or reference obligations' requirement (under item 4.2.2 of Annex 7) should be changed from Category B to Category C, ESMA highlights that this requirement is no longer in the technical advice.

393. In response to the comment regarding changing the categorisation of descriptions of the index from A to C, in the case of an index composed by the issuer, this categorisation has not changed and ESMA is not aware of major concerns with this categorisation. As to changing the categorisation of indices provided by a legal entity acting in association with the issuer, this has been reduced from category A to B. Furthermore, in relation to benchmarks provided by administrators which are included in the public register maintained by ESMA, pursuant to Article 36 of the Benchmark Regulation, the building block for derivative securities has been amended so as not to overlap with the requirements of said regulation.

Question 49: Do you consider that the requirements should be different where the return of the investment is linked to the credit of other assets (i.e. credit linked securities) than where the return is linked to the value of a security?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	0	1	1	1	2	3

394. ESMA received 15 responses to Question 49. Six respondents felt that the requirements should be different and three respondents felt that they should not be different.

395. Several of the responses to Question 49 mirror those to Question 48. As a result, ESMA will not repeat those comments here. These repeated comments and ESMA's responses are in relation to:

- the proposal to align the disclosure requirements concerning reference entities for credit-linked notes to those required for asset-backed securities;
- brief description of the securities or reference obligations being categorised as C information;
- the use of the term 'equivalent third country markets'; and
- significant justification for the proposed disclosure requirements in relation to all derivative securities - please see ESMA's response in relation to dividing the requirements between those where investors are exposed to market risk and those where investors are exposed to credit risk.

396. One respondent suggested a number of amendments to the disclosure requirements. These included replacing references to 'reference obligation' with 'reference entity'; removing the reference to 'significant business activities/investment policy' of the issuer/reference entity from item 4.2.2(d) of Annex 7; with regard to listed issuers/reference entities which comprise less than 20% of the pool, providing for the same disclosure requirements as those laid down when listed issuers/reference entities comprise greater than 20% of the pool and that the requirement for a brief description of the security or reference obligation is too onerous; acknowledging that an issuer could follow the lighter alternative regime in 4.2.2(d) Annex 7 where the underlying is a sovereign; in case of large pools of underlying securities/reference entities, introducing a threshold below which specific disclosure on particular underlying security issuers/reference entities should not be required (e.g., 5% or such lower threshold as ESMA may determine based on materiality); in relation to item 4.2.2(ii)(c) Annex 7, including a separated redacted form of the wholesale registration document schedule in the annexes to the Prospectus Regulation for use in the context of underlying issuers/reference entities.

ESMA's response

397. Firstly, ESMA wishes to highlight that a significant number of amendments have been made in relation to the requirements of item 4.2.2 of Annex 7. For instance, ESMA highlights that where the return is credit-linked, the requirement is now presented separately from the requirement concerning an underlying security.

398. ESMA notes the suggestion to change the terminology from 'reference obligation' to 'reference entity'. However, in relation to credit-linked securities both terms are used in order to reflect: 1) circumstances concerning one specific reference obligation and 2) a general disclosure requirement for the reference entity where more than one reference obligation can be used.

399. In response to the request to remove the reference to 'significant business activities/ investment policy' from item 4.2.2.(d) of Annex 7, ESMA has amended the language contained in this item (see item 2.2.2 of the current Annex 7) to the following: 'industry or industries in which the reference entity operates'. The rationale behind the amendment is based on the concern that identification of significant business activities/investment policy may require a certain element of assessment of the reference entity's operations, accordingly ESMA believes that the new requirement will present less of an issue in relation to potential liability concerns.

400. In relation to the concerns raised regarding the disclosure requirements for listed issuers or reference entities representing less than 20% of the pool, ESMA wishes to highlight that the amended requirements clearly outline that the burden for listed issuers or reference entities either comprising more than 20% of the pool, or less, are not unduly burdensome. ESMA encourages the respondents to note paragraphs 378 and 380 above, in addition to item 2.2.2 of Annex 7 of the technical advice.

401. As regards the comment in relation to an issuer being able to follow the lighter alternative regime, in relation to item 4.2.2(d) of Annex 7, where the underlying is a sovereign, ESMA considers that this will be the case.

402. In relation to providing a redacted form of the wholesale registration document for disclosure under 4.2.2 (ii)(c) of Annex 7, ESMA considers that not all the items of the registration document will be required to be addressed and that certain items will be considered 'not applicable' in the case of the underlying reference entities. ESMA will not, therefore, prepare a redacted form of the wholesale registration document.

Question 50: Do you consider that any further changes be made to the derivatives securities building block? Please advise of any costs and benefits that would be incurred by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	0	0	1	3	3	3

403. ESMA received 13 responses to Question 50. Four respondents consider that no further changes should be made to the derivative securities building block.

404. Three respondents believed that the layout of item 4.2.2 Annex 7 was confusing and difficult to follow and may benefit by being split into a number of discrete disclosure items.

405. Two respondents suggested the following changes: 1) deleting new letter c) in paragraph 4; 2) clarifying in the annex items the information to be inserted in Base Prospectus relating to the programme and the information to be inserted in stand-alone Prospectuses; 3) reviewing the re-categorisation of item 4.1.13(a); 4) extending the scope of item 4.2.2.(ii)(d) to include any security admitted to trading on any trading venue. In respect of item 4.2.2(ii)(d) two other respondents proposed extending the list of markets to securities admitted to multilateral trading facilities, as defined under MiFID, and established markets previously recognised by NCAs under item 2.2.11(b) Annex 11. Furthermore, with regard to the second suggestion, one of them proposed to include a grandfathering provision that should continue in effect until such time as ESMA made a determination in respect of the market. The respondent urged ESMA to have a clear and transparent process for determining equivalence in this regard.

406. Two respondents also suggested deleting the "*final reference date*" in item 4.1.11 of Annex 7. Two other respondents referred to responses already provided to question 46.

ESMA's response

407. In relation to the response concerning the layout of item 4.2.2 of Annex 7 and the confusion caused, ESMA highlights that it has reviewed its technical advice and anticipates that the new proposal is clear, particularly on the basis that it largely reflects the current requirements of item 4.2.2 of Annex XII of the Commission Regulation. The only new addition concerns issues of securities that are credit-linked, whereby disclosure regarding the underlying reference entity, or issuer of the reference obligation, is necessary.

408. In response to the call for clarification of items to be addressed in a base prospectus and items to be address in a stand-alone prospectus, ESMA considers that all applicable disclosure items should be addressed in the stand-alone prospectus and that the base prospectus should address the items either in the base prospectus or the final terms depending on which category A, B or C that they fall into.

409. ESMA will change the categorization of 4.1.13 (a) Annex 7 back from A to B thus retaining the status quo under the current regime.

410. With respect to grandfathering proposals. ESMA does not have a mandate to assess equivalent markets. ESMA has taken the term equivalent third country markets to be those referred to in Article 25(4) of Directive 2014/65/EU.

411. Lastly, with regard to 'final reference date' ESMA points out that this is an alternative to the exercise date and is of the opinion the addition of this term provides greater flexibility for issuers. ESMA will therefore not delete this wording.

Question 51: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
6	1	1	1	1	2	2	2

412. ESMA received 16 responses to Question 51. Broadly speaking, 13 respondents believed that the proposed requirements would, without abolishing other disclosure requirements at the same time, result in additional disclosure; accordingly this will increase costs which are not justified by benefits to investors.

413. In particular, three respondents felt that the requirement to provide information relating to the underlying "*as if it were the issuer*" was very problematic (and potentially unmanageable) for issuances with a high number of multiple underlyings.

414. Four respondents stressed the increased liability resulting from the new item c) in paragraph 4.2.2 of Annex 7, and consequently felt it should be deleted. According to some of them, such new information requirements exposed the issuer of securities to very broad liability risk, which was difficult to forecast.

415. Two respondents also mentioned: 1) significant one-off costs in obtaining and verifying disclosure "relating *to the issuer of the [underlying] security […] as if it were the issuer*"; 2) ongoing costs, for one market participant, in terms of the cost to monitor the continued accuracy of any such disclosure during the offer period of the securities, while, for the other market participant, in terms of the cost of legal advice associated with the preparation of extensive prospectus disclosure, the fees of competent authorities in reviewing the same and the time cost involved with these.

416. Two respondents proposed to provide investors with links to external reference documentation on underlying securities rather than to include such information directly in the prospectus. In their view, this would also be consistent with ESMA's objective of avoiding unnecessary duplication of information. Furthermore, in this regard, three respondents expressed the view that hyperlinks to websites of the underlying entities should be recognized as a valid method to provide information. In order to reduce the

costs, three respondents referred to the changes proposed in the responses to previous questions.

417. In line with suggestions provided by other respondents under other questions, two respondents also proposed that, where a single security represents less than 20% of a pool of underlyings, item 4.2.2(c) of Annex 7 could be re-categorised from B to C so as to avoid excessive duplication of the number of base prospectuses.

418. One respondent expected the impact to be generally positive.

Input from the SMSG

419. The SMSG reiterated its concerns about issuers being required to provide information on underlyings as if it were the issuer. It suggested that investors should be provided with links to external documentation on the underlying securities. It also suggested that where a single security represented less than 20% of a pool of underlying securities, the information should be category C rather than category B in order to avoid excessive duplication of the number of base prospectuses.

ESMA's response

420. ESMA has taken on board many of the concerns raised by market participants and has consequently withdrawn proposals, such as the re-categorisation of certain items, which were seen as costly by market participants. ESMA has endeavoured to preserve as much issuer flexibility as possible while at the same time trying to simplify the prospectus for both issuers and investors in line with the objectives of the revision. In relation to the comment about increased liability where the issuer has to provide information on the issuer of the underlying, this has been addressed in Question 48. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors. ESMA welcomes the feedback that the proposed changes are likely to be investor positive.

3.1.10. Content of the building block on the underlying share

421. This section summarises the feedback which ESMA received in relation to Questions 52 and 53 and sets out ESMA's response to that feedback.

Question 52: Do you agree with the proposed amendments to the annex relating to the underlying share?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	0	1	1	2	1

422. ESMA received nine responses to Question 52. Three respondents agreed with the proposed amendments. However, one of them suggested that part a) of item 1.11 of Annex 8 should be modified in order to reflect the fact that what was proposed would only make sense if it would take into account the situation of one shareholder who did not participate in the operation and not the situation of all the shareholders and that part b) of item 1.11 of Annex 8 should be deleted as, for equity-linked products, the dilution calculation on the basis of the net asset value per share would make no sense. The latter argument was also used by another respondent who believed that item 1.11 of Annex 8 should be removed.

423. According to two respondents, the information proposed in item 1.11 relates to the changes in the share capital resulting from a capital increase, i.e. dilution as a result of the issuance of new shares. However, a prospectus published in connection with a capital increase would have to contain the minimum information according to Annexes 1 and 2. In their view, while a capital increase might have a dilutive impact on derivatives relating to the shares of an issuer, the required information could not be provided in the prospectus for those derivatives since it would depend on the volume of the capital increase, which was usually unknown to the persons responsible for a prospectus prepared for the offering/admission of derivatives relating to the shares of (another) issuer.

ESMA's response

424. ESMA considers that if the securities relating to the underlying share were to be exercised, the resulting conversion would potentially have a dilutive effect on an investor's holding. In this regard, ESMA considers that disclosure of the dilutive effect in line with that in the share securities note annex is appropriate. ESMA would consider

the maximum potential increase and its resulting dilutive effect to be disclosed in the interests of investor protection.

Question 53: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	0	0	0	1	3	0

425. ESMA received six responses to Question 53. Two respondents believed that the proposed amendments in item 2 of Annex 8, to allow use of the Registration Document schedule for secondary issuances or the EU Growth Registration Document schedule should reduce costs and streamline the prospectus preparation process for certain issuers, while another respondent remarked that they expected the impact to be generally positive.

ESMA's response

426. ESMA welcomes the feedback that the proposed changes are likely to reduce cost.

3.1.11. Content of the registration document for securities issued by third countries and their regional and local authorities

427. This section summarises the feedback which ESMA received in relation to Question 54 along with ESMA's response to this feedback.

Question 54: Do you agree that the annex for third countries and their regional and local authorities should remain unchanged (with the exception of the reference to Member States)?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	0	0	0	1	4	3

428. ESMA received 11 responses to Question 54. The concerns around issuer websites set out in Question 11 were repeated by some respondents in this question and have been responded to in Question 11.

429. The majority of the respondents agreed that the annex for third countries and their regional and local authorities (Annex 9) should remain unchanged.

430. Three respondents suggested some amendments to be made to Annex 9. One respondent considered that a specific reference to GVA (Gross Value Added) should be added in item 3.4 (b) of Annex 9 and that the heading 'History and development of the issuer' is not suitable for item 3.1 of Annex 9.

ESMA's response

431. As this proposal is largely uncontested, it shall remain in its present form. As regards the submission concerning Gross Value Added, however, ESMA considers that the current reference to Gross Domestic Product is a suitable metric relevant for third countries and that a change to such effect will not constitute a change of significant substance. ESMA will therefore retain the current wording in its advice.

3.1.12. Content of asset-backed securities registration document

432. This section summarises the feedback which ESMA received in relation to Questions 55 and 56 and presents ESMA's response to this feedback.

Question 55: Do you agree with the proposal relating to the asset-backed securities registration document?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	0	0	1	1	2	3	3

433. ESMA received 15 responses to Question 55. Responses to this question, in the Consultation Paper, related to the matter concerning issuer's website, which is addressed in Question 11, have not be repeated here.

434. Four respondents agreed with the proposal and had no further comments.

435. Two respondents pointed to a wording discrepancy in relation to risk factors disclosure between the asset-backed securities registration document schedule (Annex 10) and the other schedules. In particular, it was pointed out that Annex 10 requires the most material risk factors to receive 'the highest prominence', whereas the other schedules require the most material risk factors 'to be disclosed first.'

436. One respondent suggested small drafting improvements in relation to Item 4.5 of Annex 10.

437. Two respondents welcomed the consistency with the existing STS regulation but stressed that synthetic and true sale bank securitisation should continue to be admissible, in particular in relation to consumer and SME loans where only limited data can be disclosed due to bank secrecy and data protection laws.

438. Two respondents argued that a guarantor should not be subject to detailed disclosure requirements if it already has securities admitted to trading.

ESMA's response

439. As regards minor issues, such as alignment of the text regarding the most material risk factors with that of the other schedules, ESMA will make those amendments.

440. In relation to the comment received from two respondents regarding synthetic and true sale bank securitisation, ESMA refers this matter to the discussion on the asset-backed securities building block where further clarity has been provided.

441. Regarding the argument that a guarantor should not be subject to detailed disclosure requirements if it already has securities admitted to trading, this matter is dealt with under 2.2.11(b) of Annex 11.

Question 56: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	1	0	1	1	2	1

442. ESMA received nine responses to Question 56. Three respondents believed that the proposal would result in additional disclosure and slightly increased costs. However, several respondents pointed out that the suggested amendments were justified.

443. Two respondents expressed concerns that the costs would increase if additional websites are required.

ESMA's response

444. ESMA would like to highlight that an SPV can use a third party or guarantor website (or mark the item as non-applicable) and therefore this should not increase costs for issuers in relation to the heading 'information about the issuer'. As for the heading 'documents available', an SPV may satisfy the requirement to make documents available electronically, by using a third party website.

445. ESMA welcomes the feedback that the proposed changes are justified.

3.1.13. Content of the additional building block for asset-backed securities

446. This section summarises the feedback which ESMA received in relation to Questions 57 to 59 and sets out ESMA's response to this feedback.

Question 57: Do you agree with the proposal relating to the asset-backed securities building block?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	0	0	1	1	2	2	4

447. ESMA received 15 responses to Question 57. Four respondents agreed with the proposal and had no further comments.

448. Three respondents pointed out that the Consultation Paper did not elaborate on the new concept of 'equivalent third country market'. Furthermore, it was pointed out that the term is used inconsistently throughout the annex, where some annexes refer to the new concept while others use the old concept of 'equivalent market'. There was a suggestion to retain the old concept under which NCAs had scope to consider MTFs as equivalent markets. Another proposal was to not require detailed disclosure if appropriate public disclosure was available (e.g. obligor/guarantor having securities admitted to trading on an MTF market).

449. Four respondents argued that post-issuance disclosure should not be mandatory as not all asset-backed securities in the meaning of the Prospectus Regulation fall under the scope of the securitisation regulation which requires such disclosure.

450. Two respondents were in favour of creating one comprehensive schedule for all types of debt securities. Such schedule would identify disclosure requirements that are specific to certain types of debt securities,

451. One respondent proposed a drafting amendment which eliminates duplication of information in item 2.2.11 of Annex 11, as regards the guarantor of the underlying assets. Another respondent argued that item 2.2.11 of Annex 11 was confusing and should only be required for the entity whose credit is fundamental for the return on the securities.

452. One respondent provided two comments in relation to the scope of the asset-backed securities building block. The first comment suggested that ideally only securitized transactions should qualify as asset-backed securities. In that regard, it was noted that the terms asset-backed securities and securitization are currently used interchangeably throughout the annex, although asset-backed securities in the meaning of the Prospectus Regulation may not have a securitization process. The second comment

suggested that Annex 11 should not be used where the final credit risk relies on one entity, either in the form of a guarantor or an underlying borrower.

453. Two respondents disagreed that the documentation on the underlying assets should be required to be made available in electronic form because to them it was not clear what documentation was required.

454. One respondent considered that the use of the UCITS disclosure regime should be allowed where the underlying is a UCITS.

455. One respondent considered that disclosure on cash flows, along with an overview and structure diagram of the transaction, are difficult to provide (Item 3.1 of Annex 11). Another respondent considered that the insertion of a structure diagram should only be required where necessary.

456. Within the context of the base prospectus regime, the following items of Annex 11 were proposed to be re-categorised:

- disclosure on the swap counterparty from Category A to Category C (item 3.8 of Annex 11);
- disclosure on the legal nature of the underlying assets from Category A to Category C (item 2.2.3 of Annex 11); and
- disclosure on the underlying assets from Category A to Category C (item 3.6 of Annex 11).

ESMA's response

457. In relation to the terms 'equivalent third country market' and 'equivalent market', ESMA will ensure consistency in this annex by replacing the term 'equivalent market' with the term 'equivalent third country market', as per Article 25(4) of Directive 2014/65/EU.

458. In relation to post-issuance reporting, ESMA will amend item 4.1 of Annex 11 to reflect the distinction between the position where issuers of asset-backed securities are required to provide post-issuance reporting and where they can do so voluntarily. If an issuer is neither required to provide post-issuance reporting and does not include this information on a voluntary basis, the item can be marked non-applicable. With regard to one respondent's point which touches on the use of the term asset-backed securities, ESMA would like to clarify that, in the context of the Prospectus Regulation, the term asset-back securities does not strictly refer to where the mechanics of securitisation apply. As for the comment on credit risk relating to one entity, ESMA cites item 2.2.11 of Annex 11 which illustrates the requirements in such event.

459. Providing an electronic link to the documentation, in relation to securities on a regulated or equivalent market or SME Growth market, is considered less onerous than providing disclosure on the securities in the prospectus. This was seen as a means of reducing

the burden for issuers. ESMA considers that the wording of this requirement, along with the narrative description given in the Consultation Paper on the format and content of the prospectus is clear and will therefore not change the disclosure requirement.

460. As for the suggestion regarding the use of a UCITS disclosure regime, ESMA considers that this will create confusion as there is a danger that the inclusion of UCITS disclosure in the prospectus will imply that this information has been reviewed and approved by the home NCA. ESMA will therefore continue with the advice given in the Consultation Paper and will not extend the item to include disclosure under the UCITS regime.

461. ESMA maintains its position regarding inclusion of a structure diagram along with the inclusion of a narrative which provides an overview of the transaction and cash flow. On the basis of investor protection and transparency it is ESMA's belief that such disclosure is warranted.

462. In relation to categorisation of the disclosure on the swap counterparty, this has been carried forward from the current regime and ESMA believes it should remain unchanged. Regarding the legal nature of the assets, ESMA will amend the reclassification proposed in the Consultation Paper and will revert back to the current classification, i.e. ESMA will amend the suggestion to reclassify from C to A. ESMA's position remains the same in relation to the requirement, in the Consultation Paper, regarding categorisation of disclosure on the underlying assets.

Question 58: Do you agree with the proposal to allow reduced disclosure where the securities comprising the assets are listed on an SME Growth Market?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	0	0	1	1	3	2

463. ESMA received 10 responses to Question 58. Almost all respondents agreed with the proposal to have reduced disclosure in case the underlying assets are admitted to trading on an SME Growth market. One respondent commented that reduced disclosure should be extended to cases where the underlying assets are admitted to trading on an MTF.

ESMA's response

464. In light of one respondent's suggestion, concerning reduction of disclosure related to assets admitted to trading on MTFs, ESMA would like to highlight that this reduction of disclosure will not be extended to all MTFs. Market operators of SME Growth Markets will have an obligation to require information which satisfies a minimum threshold, in terms of disclosure, and this will provide a consistent level of information surrounding all SME Growth Markets. Accordingly, this distinguishes the decision to allow such a reduction in the case of SME Growth Markets from other MTFs, as from an investor protection point of view there will be certainty surrounding information concerning underlying assets admitted to trading on an SME Growth Market, which may not necessarily be similar in the context of MTFs.

Question 59: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	0	1	0	1	1	2	1

465. ESMA received 10 responses to Question 59. Most respondents considered that the new rules will result in additional disclosure and an increase in costs. The responses varied greatly with respect to the impact of the proposal and reference in this regard was made to slightly increased costs, a significant impact on costs, the creation of separate base prospectuses and the ability to issue asset-backed securities under the Prospectus Regulation.

ESMA's response

466. ESMA has taken on board many of the concerns raised by market participants and has consequently withdrawn proposals which were seen as costly by market participants. ESMA has endeavoured to preserve as much issuer flexibility as possible while at the same time trying to simplify the prospectus for both issuers and investors in line with the objectives of the revision. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors.

3.1.14. Content of the building block for pro forma financial information

467. This section summarises the feedback which ESMA received in relation to Question 60 and ESMA's responses to that feedback.

Question 60: Do you agree with the amendments to the pro forma building block? Should any further amendments be made to this annex? Please advise of any costs and benefits implied by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	2	1	9	3	1

468. ESMA received 22 responses to Question 60. The majority of the respondents agreed with the amendments to the pro-forma building block.

469. Among the respondents that agreed with the amendments, half of them considered that further amendments should be made to Annex 12. One respondent was concerned that both a pro-forma profit and loss and a pro-forma balance sheet were now mandatory. Another was concerned that the situations where either profit and loss pro-forma information or balance sheet pro-forma information, or both, should be prepared, were unclear.

470. A number of respondents pointed out that there might be a conflict between the requirement to disclose significant assumptions used in developing the pro-forma adjustments and the requirement that all adjustments are factually supportable.

471. One respondent commented that the term 'financial year' should be deleted and the term used in the Commission Regulation (financial period) should be carried over as an issuer may have changed its year end and therefore the last full financial statements might cover a period of more than 12 months.

472. Another respondent queried the disclosure obligation under item 6 which required the pro-forma to 'present all significant effects' and pointed out that the requirement was not entirely clear. It was presumed that this referred to the transactions that the pro-forma illustrated.

473. One respondent asked for clarification that the 'accounting policy adjustments' referred to in item 1(b) 2 of Annex 12, were the adjustments to be applied to the financial

statements of the target and also queried whether it would be possible to include these accounting policy adjustments in the notes to the pro-forma financial information instead of as a column in the pro-forma information.

474. One respondent queried why item 4 of Annex 12 referred to the accounting framework as well as policies. The respondent pointed out that accounting frameworks do not deal with pro forma information and the important point is the consistency of pro-forma with the accounting policies used by the issuer. It was therefore recommended that reference to the accounting framework be removed.

475. The respondents also mentioned that ESMA should specify that the financial statements and interim financial statements of the (to be) acquired business required to be included in the pro-forma information were those that were used as a basis for the preparation of the pro-forma financials.

476. None of the respondents that considered further amendments advised any costs and benefits implied by the further changes proposed.

ESMA's response

477. ESMA has reworded item 2 of Annex II (of the Commission Regulation) in the Consultation Paper (page 147 item 1 (b) of Annex 12), to clarify that either profit and loss pro-forma information or balance sheet pro-forma information, or both, is to be disclosed depending on the circumstances. Profit and loss or balance sheet pro-forma information is not mandatory unless it is material. ESMA points out that the inclusion of both profit and loss and balance sheet information will be made on a case-by-case basis as it will depend on the circumstances of the issuer.

478. ESMA notes the point raised with regard to a potential conflict with the requirement that assumptions must be disclosed but that the adjustments should be factually supportable. However the reference to 'factually supportable' relates to the adjustments made in the preparation and presentation of the pro-forma financial information. On the other hand, the requirement for significant assumptions to be stated relates to the explanatory notes. ESMA does not consider these two requirements to be in conflict as the pro-forma financial information is prepared on the basis of the last completed financial period or the most recent interims and would not be based on future information. Therefore ESMA considers that assumptions can be factually supportable when based on the historical financial information.

479. ESMA acknowledges that the term 'financial year' could be read as limiting the period to 12 months and that there may be circumstances in which the financial statements are drawn up for a different time period. ESMA will therefore carry forward the wording of the Commission Regulation and refer to 'financial period'.

480. In response to the call for clarification of what the term 'significant effects' refers to, ESMA will amend item 4(b) of Annex 12 to clarify that the pro-forma adjustments must 'present all significant effects of the transaction'.

481. In response to the query as to whether the accounting policy adjustments refer to the financial statements of the target, ESMA considers that the issuer must show in the pro-forma financial information the effects of any material adjustments made to the accounting policies of the target when applying the issuer accounting policies. In addition these adjustments are required to be explained according to Annex 12 item (c) 3 as well as being included in the columns of the pro-forma information.

482. In addition these adjustments are required to be explained according to item 1 (c) 4 of Annex 12, as well as included in the columns of the pro-forma information. ESMA considers that the information should be provided in a column with an explanation in the notes.

483. In acknowledgement of the input received, ESMA will delete the reference to accounting framework as suggested by respondents. Lastly, ESMA will clarify that in item 1(d) of Annex 12 the financial statements and interim financial statements of the acquired business are those used for the preparation of the pro-forma financial information.

3.1.15. Content of the additional building block for guarantees

484. This section summarises the feedback which ESMA received in relation to Question 61 and presents ESMA's response to this feedback.

Question 61: Do you agree that the additional building block for guarantees does not need to change other than the minor amendments proposed by ESMA?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	3	1	1	2	3

485. ESMA received 15 responses to Question 61. Ten respondents expressly supported ESMA's approach, whilst two raised some concerns.

486. One respondent stated that the guarantor building block leads to duplication with the asset-backed securities building block and argued that the guarantor building block should take precedence over the asset-backed securities building block provided that the guarantors are not SPVs.

487. This respondent also pointed out that the current guarantor building block had caused many issuers to avoid admitting their securities to regulated markets because of the burden on issuers which have multiple guarantors. The respondent advocated that if all

the guarantors were group companies and the group was described as if it were the issuer then this could allow the removal of the burden of disclosure on each individual guarantor provided the guarantors covered at least 70% of the group's turnover.

488. Some respondents disagreed with ESMA's proposal to switch from having the guarantee documents simply on display, to a requirement of being made available on a website. Issuers should be able to choose whether to allow for an inspection either by physical or by electronic means. The specific concern with guarantees was that they formed part of larger documents which would be detrimental for the issuer to place on a website. Two respondents favoured the approach in the Commission Regulation which required disclosure of any relevant information about the guarantee arrangements, but did not require disclosure of the documents containing the guarantees.

489. One respondent disagreed with ESMA's proposal and invited ESMA to consider adding to the building block any specific collective security arrangement with respect to the guarantee(s), including, but not limited to, information about the security trustee, or comparable organisation, and the terms and conditions pursuant to which this party operates in relation to the issuer and the investor.

ESMA's response

490. With regard to the comment about the guarantor building block causing duplication with the asset-backed securities building block, ESMA points out that the guarantor building block sets out disclosure with regard to a guarantee on the notes issued by the issuer, while the asset-backed securities building block refers to a guarantee on the underlying securities; therefore, ESMA considers that there is no overlap of disclosure requirements. Concerning the comment about multiple guarantors, ESMA is of the opinion that the circumstances where multiple guarantors are used vary according to the issue and therefore it is reluctant to provide requirements at Level 2, as it considers that it is preferable to allow flexibility for competent authorities to consider these issues on a case-by-case basis.

491. As regards the objection to facilitating access to documents, relating to the guarantee, on a website, ESMA points out that the only change to this disclosure item is placing the documents on a website rather than a physical place for documents to be inspected. The documents themselves have not changed. As mentioned in other responses, in relation to the shift to use of websites for access to information, this change is intended to create a level playing field for all investors.

492. In relation to the comment regarding disclosure of the security trustee, this information is required by the various debt securities note schedules (e.g. item 4.10 of Annex 5) and therefore ESMA does not consider that the requirement should be repeated in the guarantor building block.

3.1.16. Content of the schedule on depository receipts issued over shares

493. This section summarises the feedback which ESMA received in relation to Questions 62 and 63 and outlines ESMA's response to this feedback.

Question 62: Do you think that depository receipts are similar enough to equity economically to require the inclusion of a working capital statement and / or a capitalisation and indebtedness statement? Please advise of any costs and benefits that would be incurred as a result of this additional disclosures.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	2	0	0	0	6	1	1

494. ESMA received 14 responses to Question 62. 11 of these either explicitly or implicitly supported ESMA's proposal.

495. Three respondents stated that depository receipts and the underlying securities are generally/sufficiently economically equivalent. They agreed that there should be a requirement for a working capital statement to be included in the prospectus. One respondent commented that as there was no requirement for the underlying securities to be separately listed, they were not subject to securities market regulations.

496. Two respondents commented that for larger transactions, issuers and banks would consider including a working capital statement on a voluntary basis, in depository receipt prospectuses, even though it was not currently required. This market practice is supported by the approach taken in relation to the US Securities and Exchange Commission's (SEC) Rule 144A on depository receipt offerings, which are driven by the US requirement for disclosure of a working capital statement for initial public offerings (IPOs) in the United States.

497. ESMA also received somewhat conflicting views on the costs of preparing the report. One comment was that a working capital statement often required an elaborate working capital report covering the 18 months after the date of the statement, as part of the underwriting syndicate's due diligence. Most issuers would hire a third party service provider to compile such a report at a very significant cost. Another view, however, was that requiring a capitalisation and indebtedness table in the prospectus and updating it

for material changes could be done by the issuer itself, although that might mean the involvement of additional internal and external resources.

498. Another respondent commented that it was not clear why the alignment with equity disclosure had not been extended to disclosure of pro-forma and complex financial history information and considered that ESMA should make such disclosure mandatory.

499. One respondent, who did not support the proposal, raised a number of points. They considered it unlikely that the disclosures would be of any benefit to investors who may not rely on these disclosures to make their decision to invest in the depository receipts. They also commented that the exemptions from publishing a prospectus available to equity issuances were not available to depository receipt issuances. In particular, national competent authorities (NCAs) required the publication of a prospectus where the 'up-to limit' in a depository receipt prospectus was exceeded. The respondent queried the extension of equity exemptions to depository receipts; and for clarity on the benefits as well as the burdens of being treated as an equity issuer.

500. In response to ESMA's proposal to disclose the number of underlying securities represented by the depository receipt, two observations were made. The new requirement would require the depository receipt issuer to publish a supplementary prospectus, rather than a market notice, each time the depository receipt/share ratio changed without an issuance of additional equity. Also, with regard to circumstances where the depository receipt issuer increases the size of the depository receipt programme, during the lifecycle of the programme, and this information is communicated to the market the respondents queried why this process should be replaced with a supplementary prospectus.

ESMA's response

501. Concerning the comment in relation to the publication of a supplementary prospectus when the ratio of depository receipt to share ratio changes, ESMA is of the view that, where this is material information to investors, a supplementary prospectus should be produced. As the disclosure of the amount of underlying securities represented by depository receipts seems to be standard practice, ESMA points out that it is merely formalising the practice in its technical advice.

502. ESMA understands that a working capital statement would be drawn up for issues of depository receipts as it would be required by the banks advising the issuer. Considering that this statement is produced and given its value to investors, ESMA is therefore minded to include the requirement for a working capital statement and a capitalisation and indebtedness table in the annex relating to depository receipts. Depository receipts are similar enough instruments to equity issued by issuer's who prepare a registration document in accordance with Annex 1, therefore alignment of the disclosure requirements is warranted on the basis of identical investor protection principles. Furthermore, this argument addresses the point raised regarding 'costs of preparing the report'; as an issue of equity, in conventional circumstances pursuant to the schedules of the Prospectus Regulation, would require the production of such information

regardless of any such costs. ESMA does not therefore believe that the requirement should be withdrawn given that the information is as equally pertinent in this context based on the similarity of the instruments.

503. In response to the comment concerning a requirement for issuers of depository receipts to include pro forma information and complex financial history, ESMA is of the opinion that depository receipts are sufficiently similar to shares and accordingly warrant a requirement for the disclosure of such information. . ESMA has amended its technical advice to reflect this.

504. As regards the comments in relation to the exemptions provided under Level 1 for equity issuances, ESMA points out that this issue falls outside its mandate.

Question 63: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	2	1	0	0	2	1	0

505. ESMA received eight responses to Question 63. The majority of the respondents did not provide views in terms of costs and benefits. Of those who did provide a clear view, one response was generally positive from a cost-benefit perspective, while another suggested that having to provide working capital statements and capitalisation and indebtedness statements would be an additional monetary drain on depository receipt issuers. The latter respondent expressed the view that if depository receipt issues were being treated essentially as equity then they should be able to avail of the same prospectus exemptions as equity issuers.

ESMA's response

506. ESMA is of the view that the costs incurred by issuers in providing working capital and capitalisation and indebtedness statements are outweighed by the benefits to the investor. ESMA welcomes the response that the changes are beneficial.

3.1.17. Content of the registration document for securities issued by collective investment undertakings of the closed-end type

507. This section summarises the feedback which ESMA received in relation to Questions 64 to 67 along with ESMA's response to this feedback.

Question 64: Do you agree with the changes proposed by ESMA for collective investment undertakings?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	0	1	1	0	3	3	3

508. ESMA received 12 responses to Question 64. The majority of respondents agreed with ESMA's proposal.

509. A number of respondents agreed with ESMA's proposal of aligning the disclosure requirements with the AIFMD, as they consider this would assist with issuers' administrative work and enhance the transparency and disclosure of information included in the prospectus. Respondents also commented that aligning the wording of the requirements to disclose an investment objective and policy with the wording in the AIFMD would simplify the requirements for issuers subject to both the Prospectus Regulation and the AIFMD. It would also reduce the cost burdens the issuers may incur from having slightly different obligations under the two regulations. Moreover, they endorsed ESMA's proposal, for issuers with master-feeder structures, to provide reduced disclosure on the underlying fund where it was not possible to obtain all relevant information on the underlying fund.

510. The new final sentence in the introductory text, at the very beginning of Annex 15, was welcomed, because it provided clarity on which disclosure items in Annex 1 were required to be disclosed in relation to the fund manager and which were required in relation to the fund manager and the fund.

511. One respondent disagreed with ESMA's assertion that the existing regime for closed-end funds largely worked well. They argued that the requirements for closed-end funds should be assessed against Article 19(1)(j) of the Prospectus Regulation which allows incorporation by reference of annual reports or of information required under Articles 22 and 23 of the Alternative Investment Fund Managers Directive (EC) No 1060/2009 into

prospectuses. The respondent considered that ESMA should analyse the relevant information in these AIFMD articles and simply include references in the Level 2 of the prospectus regime to the disclosures required according to the Level 1 of the AIFMD.

512. The same respondent went on to say that ESMA should compare the AIFMD's and the Prospectus Directive regime's disclosure requirements to assess which information was necessary for the investor to make an informed investment decision on closed-end funds. The disclosure requirements in Annex I of the Commission Regulation were generally tailored to operating companies and not to funds managed by a regulated and supervised entity whose activities already provided a high level of investor protection.

513. A respondent commented that in proposed item 2.2 of Annex 15 the word 'reasonably' should be deleted from the expression 'reasonably demonstrate' because it could create unnecessary uncertainty for issuers. Another respondent considered the disclosure requirement in item 2.2 (i) Annex 15 very onerous and remarked that it would have a negative impact on issuers coming to the market and was not appropriate for many closed-end funds which are passive in nature. The proposal to allow reduced disclosure was noted but, unless clear, detailed guidance was provided to indicate when this may be permitted and what 'reasonable demonstration' was, it may be of limited value.

514. One respondent questioned whether the changes to item 1.1 of Annex 15 were meant to result in different disclosure or if they were intended as clarification. In particular, they asked how adding 'strategy' to 'policy' and 'objectives' would affect disclosure. They also questioned if 'investment strategy' was distinct from the 'investment objectives'.

515. A respondent queried why item 2.9 had been deleted. The item related to disclosure items not applying to investments in securities issued or guaranteed by a government, government agency or instrumentality of any Member State, its regional or local authorities, or OECD Member State.

516. Respondents commented that the following items of Annex 1 (share registration document) should not be applicable to collective investment undertakings of the closed-end type: item 9.2.1 on operating results, item 10.4, on capital resources, item 13 on profit forecasts or estimates, Item 20.2 on pro-forma financial information.

517. They also commented that certain items of Annex 2 (share securities note) should not be applicable to collective investment undertakings of the closed-end type, as they were more appropriate for commercial companies and imposed an unnecessary burden on issuers of collective investment undertakings of the closed-end type. These items were item 3.1 on the working capital statement; item 3.2 on capitalisation and indebtedness; item 4.12 on the impact on investment in the event of a resolution under the Bank Recovery and Resolution Directive 2014/59/EU and item 9 on dilution.

ESMA's response

518. ESMA notes the comments concerning further alignment with the requirements of the AIFMD. However, ESMA is mindful of the fact that further alignment with AIFMD may

result in higher compliance costs for issuers. ESMA has been requested to provide technical advice on the content of the prospectus, including disclosure requirements for collective undertakings of the closed-end type and therefore considers that creating a regime with much closer alignment to the AIFMD is not what was required of ESMA.

519. In response to the comment that disclosure on closed-end funds should be by way of incorporation by reference of the information required in Articles 22 and 23 of the AIFMD, ESMA considers that the Prospectus Regulation sets out further disclosure requirements which are common to all prospectuses and may not be included in Articles 22 and 23 AIFMD. These Level 1 disclosures include the requirement for a summary and for a section on risk factors, amongst others. As a result, the prospectus cannot merely cross refer to the AIFMD disclosures.

520. ESMA considers that the deletion of the word 'reasonably' from the requirement to 'reasonably demonstrate', as per item 2.2 of Annex 15 is unnecessary. This requirement only applies to cases where there is reduced disclosure on significant underlying investments. ESMA therefore considers that some confirmation from the issuer in this regard is required. Also, ESMA considers that the changes made to the disclosure requirement set out in item 2.2 (i) of Annex 15 alleviate the previous disclosure requirement. As a result, ESMA does not consider that changes are necessary to this disclosure item.

521. In relation to the use of the words 'strategy' and 'objectives', these terms are used in the AIFMD Article 23 and therefore ESMA considers it legitimate to use this terminology. ESMA also considers that the terms 'strategy', 'policy' and 'objectives' convey different meanings and these requirements are important for investors.

522. Item 2.9 of Annex 15 stated that item 2.2 of Annex 15 did not apply to investments in securities issued or guaranteed by a government, government agency or instrumentality of any Member State its regional or local authorities, or OECD Member State. ESMA notes the concern of the respondent over the deletion of this requirement and agrees that as Member States and their regional or local authorities fall outside the scope of the Prospectus Regulation the requirement should be reinstated so as not to require item 2.2 Annex 15 information on these securities.

523. In relation to the Annex 1 disclosures that one respondent considered should not be applied to closed-end funds, ESMA agrees that items 9.2.1 and 10.4 of Annex 1 and disclosure of pro-forma information required by Annex 1 are not relevant to investors in closed-end funds. However, with regard to profit forecasts and estimates, ESMA considers that this item is relevant in the case of a new fund where there is no financial information.

524. In relation to Annex 2 disclosure, this is not part of the closed-end fund registration document. ESMA has not changed the requirements in this regard and has not consulted on the securities note disclosure for closed-end funds.

Question 65: Is greater alignment with the requirements of AIFMD necessary? If so, where?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	0	0	0	0	3	2	2

525. ESMA received nine responses to Question 65. The majority of the respondents considered that greater alignment was not needed. These respondents pointed out that legislative measures to ensure investor protection, particularly for retail investors, could be effected more meaningfully by changes to the AIFMD, the Transparency Directive or the Market Abuse Regulation, rather than the prospectus regime. They also commented that the proposed amendment was appropriate and proportionate and that a balance was necessary between investor protection and the need for companies to be able to offer securities and raise capital easily. The prospectus was only one of a number of means of protecting investors, including regulation under the AIFMD, the Transparency Directive and the Market Abuse Regulation, as well as the specific laws and regulations of individual Member States.

526. A number of suggestions were made by respondents who wanted greater alignment with the requirements of the AIFMD. With regard to proposed item 1.2 of Annex 15, which referred to 'borrowing limits'; it was pointed out that the AIFMD regime requires 'leverage limits' to be set out in the alternative investment funds offering document and suggested it would be helpful to align these requirements. Respondents also made suggestions on greater alignment for several other disclosure requirements.

ESMA's response

527. ESMA notes that many of the respondents commented that legislative measures to protect investors in closed-end funds could be more effectively produced through AIFMD, the TD and the Market Abuse Regulation. ESMA agrees with the respondent who asked for the term 'leverage limits' to be used rather than 'borrowing limits' and will amend the disclosure accordingly. Further, ESMA will amend the following annex requirements to align them with the AIFMD:

- item 3.4 of Annex 15 the name of the provider responsible for the calculation of the Net Asset Value (NAV) will be aligned with Article 23 paragraph 1 (d) of the AIFMD which requires the disclosure of the identity of every service provider of the fund; and

- item 6.1 of Annex 15 under the heading 'Valuation', will be aligned with the valuation required by Article 23, paragraph 1(g) of the AIFMD which relates to the valuation procedure and pricing methodology.

528. With regard to the remaining disclosure items that the respondent considered in need of alignment, ESMA considers that the focus should be on consistency of terminology and views as unnecessary to include in its technical advice all provisions set out in 23(1) of AIFMD. ESMA points out that closed-ended funds will be subject to these requirements by virtue of being an AIF, which must appoint an AIF manager pursuant to AIFMD. Also, ESMA notes that the Prospectus Regulation is more detailed and includes information which an investor would consider material. Other than the changes set out above, ESMA will provide the technical advice as presented in the Consultation Paper.

Question 66: Do you agree with the proposal to allow reduced disclosure where the securities issued by the underlying issuer/collective investment undertaking/counterparty are listed on an SME Growth Market?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	0	0	1	0	3	2	1

529. ESMA received eight responses to Question 66. Five respondents agreed with the proposal and two had no comment. One respondent suggested that it would be appropriate to allow reduced disclosure where the securities were issued by an underlying fund that was listed on an MTF.

ESMA's response

530. This proposal will be maintained in its current form. The rationale is similar to that demonstrated in response to Question 58. Accordingly, with regard to one respondent's suggestion concerning reduction of disclosure for securities issued by an underlying fund listed on an MTF, the position is that such a reduction will not be extended to MTFs generally. However, ESMA will allow the reduction in the case of an SME growth market due to consistent disclosure requirements for SME growth markets. ESMA considers that similar standards are not guaranteed in MTFs outside the scope of SME growth markets.

Question 67: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	0	1	0	1	1	1	1

531. ESMA received seven responses to Question 67. Of the very limited number of responses to this question, respondents did not anticipate any major impact on issuers ESMA's response.

ESMA's response

532. ESMA welcomes the acknowledgement by respondents that the changes will not have a major impact on issuers in terms of costs.

3.1.18. Requirements for convertible and exchangeable debt securities

533. This section summarises the feedback which ESMA received in relation to Question 68 and presents ESMA's response to this feedback.

Question 68: Do you consider that any changes are required to the existing regime for convertible and exchangeable securities? If so, please specify.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	1	1	3	3	2

534. ESMA received 14 responses to Question 68. The majority of respondents did not consider that any changes were required.

535. One respondent asked for clarification that debt securities with a derivative element which (linked to the price of the relevant underlying, e.g. share or index, and providing for physical delivery of such underlying to the investors) were not subject to the existing regime for convertible and exchangeable securities - unless the underlying shares 'give access to the capital of the issuer by way of conversion or exchange'.

536. One respondent noted that under the current prospectus regime equity disclosure is not required for a bond convertible into the issuer's shares, if those shares were already admitted to trading on a regulated market. By contrast, if the bond converted into newly-issued shares (i.e. shares not admitted to trading on the issue date of the bond), equity disclosure was required even if those shares would, upon issue, be identical to, and of the same class of shares admitted to trading on a regulated market at the time the bond was issued. From a disclosure perspective, it was difficult for this respondent to understand the basis for this distinction. If the rationale was that there was sufficient public information regarding shares admitted to trading, that same information would be relevant to newly-issued shares of the same class.

537. Further the respondent noted that equity-linked securities were complex and accordingly tended to be marketed only to sophisticated investors, in high denominations, without the need for a public offer prospectus. Whilst they could have a wide range of terms, the equity option was usually set at a premium of 20-30% (or higher) to the share price at the issue date of the bond, and therefore, it was by no means certain that equity-linked securities would result in the issue or delivery of shares. If they did it would often be at

the option of the investor. Under the Prospectus Regulation, there is now a requirement to prepare a prospectus for admitting shares to trading on a regulated market if those shares represent 20% or more of the class already admitted to trading over a 12 month period and if the bonds themselves do not require a prospectus. The respondent found it impracticable to prepare an equity prospectus for admission purposes upon conversion of an equity-linked security. They therefore asked if the prospectus requirements for admitting an equity-linked security to trading on a regulated market, could be streamlined to enable the prospectus requirement to be cleared (i.e. in relation to the admission of the bond) prior to the issue of any shares.

538. Accordingly, ESMA was asked to clarify that there was no need for equity disclosure in a prospectus prepared in the following circumstances:

- the prospectus was required only for admitting the bond to trading (i.e. not for public offer purposes, for example because it has a denomination per unit of at least EUR 100,000 or is only being offered to qualified investors); and

- the shares into which the bond may convert (whether or not those particular shares were in issue at the time of approval of the prospectus) are, or will upon issue be, part of a class of shares which class is already admitted to trading on a regulated market at the time of approval of the prospectus.

539. One respondent considered that where the underlying shares are already admitted to trading on a regulated market or a Multilateral Trading Facility as defined under MiFID, information to be included in the prospectus should be limited to that provided by item 4.2.2 of Annex XII of the Commission Regulation. In addition, it is considered important to include a grandfathering provision so that where a National Competent Authority has previously determined a particular market, e.g. non-EU market, to be 'equivalent', this should continue in effect until such time as ESMA makes a determination in respect of that market. Further it is considered important that ESMA has a clear and transparent process for determining equivalence in this regard.

ESMA's response

540. With regard to underlying shares already admitted to trading on a Regulated Market, ESMA considers that the Table of Combinations set out as Annex XVIII of the Commission Regulation currently limits the information to be included in the prospectus to that provided under item 4.2.2 of Annex XII of the Commission Regulation. ESMA intends to carry forward this requirement to the new regime. In relation to securities admitted to trading on an MTF, ESMA understands that the level of disclosure could be lower than that of an SME Growth market. ESMA will therefore extend the alleviation to securities admitted to trading on the SME Growth market but in the interest of investor protection does not consider necessary to extend such alleviation to securities traded on other MTFs.

541. In response to the request for clarification in paragraph 535 about the physical delivery of underlying instruments in a derivative issue, ESMA considers that the difference

between this and a convertible issue is that the derivative instruments are usually those of a third party, whereas convertible securities represent the share capital of the issuer itself. If these are converted it leads to dilution of existing shareholders capital; whereas, in the case of physical delivery of underlying derivatives that comprise shares, there is no such dilution effect as these instruments are already in issue.

542. In the Consultation Paper, ESMA proposed carrying over the changes made in 2012 to Articles 6, 8, 15, 16 and 17 of the Commission Regulation which related to the requirements for convertible and exchangeable debt securities. ESMA inadvertently did not include the changes made to Article 4(2) of the Commission Regulation but will rectify by including this article among those it will carry over in its technical advice.

543. With regard to the comment on equity-linked securities and their physical delivery, ESMA understands that where wholesale debt securities are linked to equity, this will usually be to the equity of a third party, whereas the issuer will issue a convertible bond where the bonds are convertible into its own equity. In the former case, ESMA questions the circumstances under which the bond issuer would draw up a prospectus for a third party's shares, particularly as those shares will already be in issue and may be of a class already admitted to trading. In the latter case, the issuer would apply the requirements for convertible bonds. ESMA considers that in terms of a 'pre-cleared prospectus', the issuer may encounter difficulties in relation to Article 21 (1) and Article 21 (6) of the Prospectus Regulation relating to the publication of the prospectus.

544. In relation to the comment on the requirement to publish a prospectus, ESMA points out that it does not intend to change the requirements set out in the Commission Regulation regarding a convertible bond. Further, Article 1 (5) of the Prospectus Regulation states that there is a requirement to publish a prospectus where the shares resulting from the conversion amount to 20% or more of the number of shares of the same class already admitted to trading.

545. Lastly, as regards the comment on grandfathering in relation to equivalent markets, please see ESMA's response to Question 57.

3.1.19. List of specialist issuers

546. This section summarises the feedback which ESMA received in relation to Question 69 and presents ESMA's response to this feedback.

Question 69: Do you consider that any other types of specialist issuers which should be added? If so, please specify.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	3	1	3	1	1

547. ESMA received 13 responses to Question 69. Two respondents disagreed with the proposed replacement of the notion of 'Companies with less than three years of existence' by that of 'Start-up companies', as the latter was considered more difficult to understand than the former.

548. Two respondents suggested that guidance and explanations concerning categories of 'specialist issuers' should be given at Level 2. Further, they commented that ESMA should include a cross-reference to the ESMA recommendations, to direct issuers to the guidance on how the Prospectus Regulation and associated Level 2 requirements applied to these specialist companies.

549. Eight respondents did not consider that any other types of specialist issuers should be added, while one respondent wanted ESMA to consider adding the following types of specialist issuers, based on the type of securities:

- issuers of green bonds, compliant with the Green Bond Principles, issued by the International Capital Market Association;
- issuers of social bonds, compliant with the Social Bond Principles, issued by the International Capital Market Association;
- issuers of sustainability bonds, compliant with the Sustainability Bond Guidelines, issued by the International Capital Market Association; and
- issuers of climate bonds, certified under the Climate Bonds Standard, issued by the Climate Bonds Initiative.

ESMA's response

550. ESMA will consider the need for further guidance in relation to specialist issuers and the term 'Start-up companies' in the context of its Level 3 work. In relation to providing disclosure requirements on specialist issuers at Level 2, ESMA considers that this may be too restrictive. If the requirements for the existing types of specialist issuers change, it would take much longer to provide disclosure requirements at Level 2 than at Level 3. ESMA therefore wishes to maintain the flexibility provided at Level 3 for these types of issuers.

551. ESMA considers that disclosure requirements relating to certain securities such as green bonds would be better considered under specialist forms of securities rather than specialist issuers. As ESMA has not consulted on a building block for these types of securities, ESMA considers that it is not able, at this stage, to cover in its technical advice the information requirements for the issuance of green, sustainable bonds.

3.1.20. Registration document for securities issued by public international bodies and for debt securities guaranteed by a Member State of the OECD

552. This section summarises the feedback which ESMA received in relation to Question 70 and presents ESMA's response to that feedback.

Question 70: Do you agree with ESMA's proposal not to develop a schedule for securities issued by public international bodies and for debt securities guaranteed by a Member State of the OECD?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	0	2	0	1	2	2

553. ESMA received 10 responses to Question 70. The majority of respondents agreed with the proposal.

554. Two respondents noted that deleting the annex would abolish the privilege of a shortened registration document for debt securities guaranteed by an OECD country.

For debt securities guaranteed by other third countries, ESMA Q&A 70[9] required a full registration document for the guaranteed issuer. Respondents commented that they would support this privilege for debt securities guaranteed by an OECD country given the standing of OECD countries. Respondents considered that Annex XVII of the Commission Regulation could easily be integrated into the proposed Annex 9 with some slight amendments. Accordingly, the respondents noted that Article 18 (3) of the Prospectus Regulation assumes that a voluntary prospectus can be drawn up for securities guaranteed by a Member State, notwithstanding the different conclusion that can be drawn from the wording of Article 4 of the Prospectus Regulation.

555. Two respondents wanted to retain the existing annex, one of them commenting that the removal of the annex was detrimental.

ESMA's response

556. As debt securities issued by public international bodies should not, according to Recital 9 of the Prospectus Regulation, be covered by the regulation (and the registration document for securities guaranteed by a member state of the OECD is rarely used). ESMA will not replace Annexes XVI and XVII of the Commission Regulation, as stated in the format and content Consultation Paper. ESMA is of the view that in accordance with Article G, disclosure requirements can be adapted where the proposed issuance of securities is not covered by an annex.

[9] Q&As on Prospectuses, 27th updated version – October 2017 (ESMA31-62-780).

3.1.21. Content of the URD

557. This section summarises the feedback which ESMA received in relation to Questions 71 to 73 along with ESMA's response to this feedback.

Question 71: Do you agree that the URD disclosure requirements should be based on the share registration document plus additional disclosure items?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	4	3	7	1	4

558. ESMA received 25 responses to Question 71. The majority of respondents agreed that the URD disclosure requirements should be based on the share registration document with one respondent disagreeing. The majority of respondents also agreed with the proposed additional disclosure items; however, two respondents disagreed that additional disclosure items should be required. One respondent stated that a share registration-style disclosure might dissuade debt issuers using a URD for debt issuance. Some respondents commented that it would be beneficial to have flexibility in the order of presentation of the information particularly in the case of non-equity issuers. Some doubts were also expressed regarding the usefulness of the URD for non-equity issuers as the information content of the URD is based on share registration document. One respondent regarded the URD as a useful tool for issuers who wanted to complete a transaction rapidly.

ESMA's response

559. The requirement to base the URD disclosure on the share registration document is set out at Level 1 (Recital 39) and is therefore outside the scope of ESMA's mandate.

560. As regards flexibility in the order of disclosure, this has been addressed in the section dealing with the format of the prospectus.

Question 72: Should the URD schedule contain any further disclosure requirements?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	4	2	2	1	1

561. ESMA received 15 responses to question 72. Most of the respondents considered that the URD schedule should not contain any further disclosure requirements. Some respondents referred to their answers to Question 20 and suggested additional alleviations that ESMA could take into consideration when drawing up the URD schedule. In particular they considered that information required in the OFR could also be included in the management report as set out in Articles 19 and 29 of the Accounting Directive. They considered that item 9 could be deleted in its entirety from Annex 1 (share registration document) and the section providing for similar requirements in the URD (for the latter see page 201 of the Consultation Paper).

ESMA's response

562. As the majority of respondents did not wish to see further disclosure requirements in the URD, ESMA's technical advice will remain as proposed in the Consultation Paper.

563. With regard to the comments related to Question 20, please see ESMA's responses to Question 20.

Question 73: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	1	1	0	2	1	0

564. ESMA received 10 responses to Question 73. The respondents stated that it was difficult or impossible to estimate the usefulness of the URD. Also, the impact of the URD was considered limited, as it is a voluntary document. Only limited cost reduction was foreseen. One respondent referred in their answer to Question 8 and considered that the prospectus regime review was an opportunity to reduce the administrative burden for issuers. None of the respondents provided an estimate of the additional costs or the type of the additional costs.

ESMA's response

565. ESMA welcomes the input by stakeholders and notes that limited cost reduction, as a result of the disclosure requirements is foreseen.

3.1.22. Content of the secondary issuance regime

566. This section summarises the feedback which ESMA received in relation to Questions 74 to 81 and presents ESMA's response to this feedback.

Question 74: Do you consider that the proposed disclosure is sufficiently alleviated compared to the full regime? If not, where do you believe that additional simplification can be made? Please advise of any costs and benefits implied by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	6	2	9	5	3

567. ESMA received 31 answers to Question 74. 12 respondents considered that the proposed disclosure was sufficiently alleviated and agreed with the proposed disclosure deletions.

568. Six respondents opposed a written confirmation of compliance with the publication obligations of the TD and MAR. They stated that the conditions enabling issuers to benefit from the secondary issuance regime are set in Article 14 of the Prospectus Regulation and do not include any written confirmation, thus there is no legal basis for ESMA to require this.

569. One respondent was against the deletion of the OFR because it was regarded to be one of the most important sections in the prospectus. The remaining respondents were of that opinion that there was room for additional simplification. One respondent stated that secondary issuances should have been exempted from the publication of the prospectus.

570. Two respondents queried ESMA's conclusion regarding the information content of the secondary issuance regime. They were of the view that the summary requirements in Article 7 of the Prospectus Regulation only applied to the secondary issuance regime in terms of format, but not content. They considered that the content requirements of the summary were only required by full prospectuses. They also stated that the last sub-paragraph of Article 14(1) of the Prospectus Regulation sets out the elements of a secondary issuance prospectus; a summary would not necessarily have been one of them. These respondents therefore felt that all the items that are included in the

proposed Annex 18 for the purposes of incorporating the content of the summary in Article 7 could and should be deleted.

571. The MAR disclosure summary was seen as problematic. 11 respondents provided comments on this proposed requirement. Four respondents considered that ESMA should provide guidance in relation to this, but they did not consider that Level 2 implementing measures would be useful. They also suggested redrafting of section 13 Annex 18 so that it would be more neutral. One respondent said that they would support an approach similar to the Annual Information Document regime, with the intention of minimising the burden on issuers and so reducing the costs of producing prospectuses.

572. The suggested wording regarding the content of the MAR disclosure summary was deemed to go further than that required by Article 14.3 of the Prospectus Regulation, which only required a presentation of a concise summary of the MAR disclosures. One respondent stated that the proposed text was not sufficiently clear as to the extent of the information; as it seemed to suggest that disclosure previously made under MAR must be updated and was of that opinion that the requirement to 'provide a clear view of the evolutions and circumstances of facts and figures mentioned by the issuer should be removed as that implies a far more burdensome requirement than mandated at Level 1. One respondent commented that any information contained in the MAR disclosure that was material to a particular offer would be required to be disclosed in the prospectus.

573. One respondent considered that there should be a statement that the MAR disclosure summary comprised a summary of certain information disclosed by the issuer, but that the full text of the disclosure could be found through the relevant regulatory announcement service. Two respondents said that there should be a statement that MAR and TD disclosures do not form part of an issuer's prospectus.

574. Eight respondents commented on the profit forecasts. With the exception of one respondent, they shared the view that a profit forecast should not be required to be included in the prospectus or should not be an automatic obligation. One respondent was of the opinion that the requirement for an audited profit forecast should be retained. Five respondents regarded that for neither retail and wholesale debt issuances should there be an obligation to include in the prospectus outstanding profit forecasts previously published and still outstanding.

575. Two respondents commented on risks. One suggested that only risk factors that were specific to the secondary issuance should be required and the other said that it would be appropriate to disclose only the new material risks arising since the last published audited annual financial statements.

576. One respondent commented that ESMA's proposal to delete information on major shareholders from the secondary issuance regime for non-equity securities seemed to be inconsistent with the provisions of Article 7(6) of the Prospectus Regulation, which requires disclosure of major shareholders in the summary.

577. One respondent suggested that ESMA should propose three separate annexes, relating respectively to equity, retail debt and wholesale debt.

578. Two respondents repeated concerns around issuers that did not have a website and suggested that the wording in item 15.1 of Annex 18 be changed so that the relevant disclosure was only required where the issuer had a website; or provide information on the website of a third party.

579. In addition, there were several detailed proposals for the amendments to the wording or deletion of certain items which included: the removal of the dividend policy and legal and arbitration proceedings sections, as these were already in the public domain; the business overview should be made less onerous and brought into line with wholesale debt requirements; administrative, management and supervisory bodies and senior management should only refer to senior managers; significant change in the issuer's financial position should be deleted as it duplicated item 6.2; in documents available remove historical financial information in line with paragraph 87 of the Consultation Paper and certain items that were not relevant to wholesale debt should be marked as only being relevant to retail debt.

580. Other suggested deletions were linked to the requirements concerning the prospects of the issuer and the significant changes of its financial position since the end of the financial year; the reasons for the issuance and the impact on the issuer; the significant trends in production, information on administrative, management and supervisory bodies; the removal of the names of the issuer's auditors and potential material impact on corporate governance and material contracts.

ESMA's response

581. In relation to the statement confirming compliance with the TD and MAR to the NCA as part of the prospectus approval process, ESMA recognises stakeholder concerns that it goes further than the Level 1 requirement and will not be requiring the statement in its technical advice. Nevertheless, ESMA points out that a concise summary of the relevant information disclosed under MAR is required at Level 1 (Article 14(3)(c) of the Prospectus Regulation). In addition, ESMA has modified the requirements under item 11.1 of Annex 18 in relation to financial statements. ESMA is concerned that the requirement only asks for inclusion of published financial statements and there is a danger that if financial statements have not been published and the issuer is in breach of its TD obligations, neither the NCA nor an investor would be aware of this. ESMA has therefore modified the requirement so that the issuer will include financial statements that are required to be published. ESMA is of the opinion that this is the intent of recital 48 and Article 14 of the Prospectus Regulation.

582. In relation to the summary of MAR disclosure, ESMA considers that the requirement in item 13 of Annex 18 provides further clarification of the requirement under Article 14(3)(c) of the Prospectus Regulation, which requires a 'concise' summary of the regulatory information disclosed under MAR. ESMA's technical advice under item of 13 Annex 18 ties this disclosure into other requirements in the Prospectus Regulation on

drafting the prospectus and the requirements for summary information. Also, as ESMA does not consider the term 'which remains relevant at the date of the prospectus' to mean that the information must be updated but merely that information which is no longer relevant should not be included in the summary, it will amend the wording to avoid ambiguity in the market's understanding of this term. As regards the last italicised section of paragraph 245 of the format and content Consultation Paper which states 'provide a clear view of the evolutions and circumstances of facts and figures mentioned by the issuer', this was an oversight and should not have been included in the consultation paper. It is not included in the relevant annex item 13 of Annex 18. ESMA does not therefore consider this annex item is more onerous than the requirements of Article 14(3) of the Prospectus Regulation and will therefore retain this disclosure item in its current form.

583. With regard to the Operating and Financial Review, ESMA notes the objective that the secondary issuance prospectus is an alleviation from the full prospectus. Given that the issuer will already have published regulatory information elsewhere, such as under the TD and MAR, ESMA considers that the deletion of the OFR, from the secondary issuance registration document, is not detrimental to investors.

584. As regards the comment that the content of the summary (Article 7 of the Prospectus Regulation) does not apply to secondary issuances, ESMA has considered the comment but disagrees with the respondent's interpretation. ESMA is of the opinion that the disclosure requirements for the content of the summary, as set out in Article 7, are required for secondary issuances. The wording of Article 14(1) of the Prospectus Regulation is: *The simplified prospectus (…) shall consist of a summary in accordance with Article 7, a specific registration document (…) and a specific securities note.* On the basis of such, ESMA is of the opinion that the requirements for both form and content of Article 7 applies to the simplified prospectus. In addition, the co-legislators would have specified if only the format of the summary was intended in much the same way that Article 15(2) relating to the EU Growth Prospectus refers specifically to the format of the summary.

585. ESMA considers that mandating the inclusion of outstanding profit forecasts and estimates for all types of securities goes beyond the requirement of the Commission Regulation and hence increases the burden on issuers. ESMA will therefore modify the wording of the disclosure so that inclusion of a profit forecast or estimate is at the discretion of the issuer (save for outstanding profit forecasts or estimates related to equity issues) notwithstanding that it must be included where it is material to the investor's investment decision pursuant to Article 6 of the Prospectus Regulation.

586. In relation to risk factors, ESMA is of the opinion that investors should be given a comprehensive view of risks relating to the issuer and the securities and will therefore give the technical advice as presented in the Consultation Paper.

587. As disclosure of major shareholders is required to be included in the summary pursuant to Article 7(6) of the Prospectus Regulation, ESMA will include a requirement to disclose

major shareholders for non-equity securities in line with the debt requirement for major shareholders.

588. As regards the suggestion to split the secondary issuance annex between equity, retail debt and wholesale debt as well as the proposals for the deletion or rewording of specific information items as set out in paragraphs 577 and 578 ESMA does not consider these to be of general concern to the market and will therefore retain the current format of the annex and will not revise the disclosure requirements to take on board the suggested amendments.

589. On the question of issuer's websites, ESMA refers the matter to the response to Question 11.

590. With regard to dividend policy and legal and arbitration proceedings, ESMA is of the opinion that this is essential information for investors and needs to be up-to-date. ESMA will therefore retain these requirements.

Question 75: Should secondary disclosure differ depending on whether the issuer is listed on a regulated market or on an SME Growth Market?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	5	0	3	4	1

591. ESMA received 17 responses to Question 75. A minority of respondents felt that the secondary disclosure should differ depending on whether the issuer is listed on a regulated market or on an SME Growth Market. A number of respondents were of the opinion that for the SME Growth Market the regime for secondary issuances should be a proportionate version of the EU Growth Prospectus and not of the full prospectus. The majority were of the view that there should not be any difference. Three respondents commented that the Prospectus Regulation should not try to harmonise disclosure differences between the Regulated and SME Growth markets.

ESMA's response

592. ESMA notes that the majority of respondents did not support a different secondary issuance regime for regulated markets and SME Growth markets. ESMA will therefore maintain in its technical advice which builds on the requirements for secondary issuances as set out in Article 14 of the Prospectus Regulation as set out in Annex 19.

These requirements should be followed by issuers on both regulated markets and SME Growth markets.

Question 76: Do you consider that item 8.3 (information on corporate governance) is necessary?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	6	1	4	4	3

593. ESMA received 23 responses to Question 76. The majority of respondents considered that item 8.3 of Annex 18 was not necessary because the information would be provided to satisfy the necessary information test under Article 6 of the Prospectus Regulation; by virtue of Article 14 (2) of the Prospectus Regulation. Respondents mentioned that the information would be included in the issuer's annual report and accounts, and that it was unlikely that there would be a material impact on the corporate governance of a company when undertaking secondary issuance. A material impact on the corporate governance was more likely to occur when there was a merger of two companies and the corporate governance structure changed.

594. Some respondents referred to their answers to Question 17.

ESMA's response

595. ESMA takes note of the arguments put forward by stakeholders and agrees that a disclosure item providing information on corporate governance would not be necessary in the secondary issuance regime. ESMA points out that for issuers with securities admitted to trading on a regulated market this information would be disclosed in their annual reports. However, as under Level 1 issuers with securities admitted to trading on an SME growth market are eligible for the secondary issuance regime, ESMA considers that the mandatory requirement of information on corporate governance would increase costs for such issuers and make the regime more onerous.

596. In addition, ESMA shares the views of stakeholders who remind that where disclosure on corporate governance is material it will be disclosed under Article 6 of the Prospectus Regulation and will therefore delete this requirement from the secondary issuance regime.

Question 77: Do you consider that information on material contracts is necessary for secondary issuance?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
5	1	0	6	1	6	4	3

597. ESMA received 26 responses to Question 77. A small number of respondents considered this to be important disclosure. The vast majority, however, considered that it was not necessary to have a specific item dedicated to material contracts as this information should already appear in item 5 of Annex 18 (Business overview) and/or in item 13 of Annex 18 (Regulatory Disclosures) and was already covered by MAR or included in the prospectus by virtue of Article 14(2) of the Prospectus Regulation. Respondents pointed out that this disclosure item was only relevant to the extent that any such material contracts had not previously been disclosed, or if the information had changed from previous disclosure documents. One respondent suggested deleting the item remarked that providing a summary of material contracts would increase regulatory and cost burdens on the issuer and would not provide a significant benefit to investors. Investors would already have access to a significant amount of information about the company, including information on material contracts, given that it would have been trading on a regulated market or SME Growth Market for a period of at least 18 months to be eligible for the secondary issuance regime.

ESMA's response

598. ESMA appreciates that the majority of respondents were in favour of deleting the material contracts requirement, on the grounds that they were disclosed elsewhere. However, the wording of the item makes it clear that only those material contracts not disclosed elsewhere should be summarised. ESMA will therefore retain this requirement as proposed in the Consultation Paper.

Question 78: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	5	0	4	1	0

599. ESMA received 14 responses to Question 78. A few respondents were of the opinion that the overall impact of the proposed technical advice would be positive in terms of a meaningful reduction in cost and resources. However, the majority of the respondents did not believe that the regime was sufficiently alleviated for it to be of material use to issuers.

600. To meet the objectives of simplifying and reducing unnecessary burdens and costs for issuers, one respondent believed that ESMA should further promote incorporation by reference which would result in lighter prospectus disclosures.

601. Another respondent commented that the proposed technical advice could go further in alleviating disclosure requirements that duplicate information already available to investors, due to periodic and ongoing disclosure obligations of issuers with securities that are admitted to trading. By not making more use of incorporation by reference, the technical advice created costs in providing this duplicate information. These costs included working hours for issuers, legal advisors and banks, but also ongoing costs in the annual updates of base prospectuses. Benefits for investors, as a result of this duplicated information, were not apparent. It was difficult to seriously quantify these costs, but more disclosure meant more work for issuers and advisors alike.

602. Where information was already required to be disclosed by other regulations including the Transparency Directive and Markets Abuse Regulation it made sense to avoid duplication. However, consideration may be needed for retail investors who are less likely to have as easy access to the information and may be unaware that the information is available compared to institutional investors. This may need to be addressed through other measures which assist retail investors' access to relevant information.

ESMA's response

603. ESMA appreciates the comments concerning increased use of incorporation by reference to reduce the costs of producing a prospectus. However, incorporation by reference is a choice of the issuer which it can use to alleviate costs if it so wishes. On the basis of this argument, ESMA does not consider that the disclosure requirements set out in the registration documents for secondary issuances to be overly burdensome or to unnecessarily increase costs for issuers. Issuers are free to incorporate already published documents by reference to avoid duplication in accordance with Article 19 of the Prospectus Regulation.

Question 79: Do you consider that there is further scope for alleviated disclosure in the securities note? Please advise of any costs and benefits implied by the further changes you propose.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	5	1	3	3	1

604. ESMA received 18 responses to Question 79. Six respondents considered that there was no scope for further alleviation of the disclosure. However, eight respondents referred to their answers to Questions 16, 23, 24, 25, 26 and 74 regarding the working capital statement, the capitalisation and indebtedness table and dilution. Additionally, one respondent suggested the deletion of items 4.7 and 4.8 of Annex 19 (except perhaps for ongoing take-overs) as the information was already public.

605. Another respondent recommended that item 5.2.3 of Annex 19 be deleted as information on major shareholdings would already be in the public domain. Considering that item 5.2.3 provides information on the intentions of major shareholders and members of management with regard to the particular issue, the stakeholder remarked that it did not provide useful information for investors. The same respondent recommended that a series of technical amendments be made to the wording in Annex 19 to align it to the wording in Annex 2.

ESMA's response

606. ESMA has responded to comments concerning working capital statements, capitalisation and indebtedness tables and dilution, etc. elsewhere in this final report. Please refer to questions 22, 23 and 24.

607. As regards information on takeover bids (items 4.7 and 4.8 Annex 19), ESMA considers that this is important information for investors in equity securities and therefore intends to retain these items. As regards disclosure item 5.2.3 ESMA believes that it provides helpful disclosure for investors as it requires that the intentions of major shareholders and management with regard to a specific offer are included in the prospectus. Given the relevance of this information for investors, ESMA will retain this disclosure item.

Question 80: Is a single securities note, separated by security type, clear or would it be preferable to have multiple securities note schedules?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	1	0	5	4	2

608. ESMA received 17 responses to Question 80. The majority of the respondents were in favour of having a single securities note, which was likely to provide sufficiently clear and more palatable information. However, others considered that it would be more user-friendly, in terms of presentation, to have multiple securities note schedules i.e., one for equity, one (or two) for (retail/wholesale) non-equity, rather than a single template where half of the sections apply only to one or another type of instrument.

ESMA's response

609. ESMA takes note that the majority of respondents were in favour of a single securities note. ESMA is of the view that a simpler approach i.e. a single securities note would be better suited to the needs of issuers eligible for the secondary issuance regime and will therefore retain the format for the securities note as set out in the Consultation Paper.

Question 81: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	1	1	0	2	1	0

610. ESMA received nine responses to Question 81. One respondent anticipated a generally positive impact, while two others thought the alleviation would result in slightly lower costs.

611. Two respondents were of the opinion that there was further scope for alleviation for the proposed disclosures to be of material use to issuers.

ESMA's response

612. ESMA welcomes the feedback that the changes will have a positive impact and will deliver alleviated costs. ESMA considers that the changes to its technical advice are well balanced between the needs of issuers and investors.

3.1.23. Miscellaneous

613. Some respondents suggested that NCAs should allow issuers to include additional disclosure, or permit derogations, in order to track the disclosure requirements of other markets, particularly the USA. The US Rule 144A has different disclosure requirements on risk factors; provides safe harbours for forward looking statements; different requirements for disclosure of the OFR, pro forma and stand-alone financial information and has specific disclosure requirements for certain industries (e.g. banks and mineral extraction companies).

614. A few respondents objected to the amendment to the complex financial history article which would enable NCAs to request more than financial information in the case of complex financial history.

615. One respondent asked that ESMA confirm that a supplement post-21 July 2019 to an existing prospectus approved in the months prior to 21 July 2019 would not trigger a requirement to prepare that supplement complying with the new requirements. Another

respondent asked ESMA to clarify the interpretation of Article 1(6) of the Prospectus Regulation regarding when it is possible to combine Article 1(5)(a) and (b). They considered that it would also be necessary to make it clear that Article 1(6) was intended to take effect on 20 July 2017. They considered that the omission of any reference to the restriction in Article 1.6 from Article 49(2) seemed to be a drafting error and was meant to enter into force in July 2017. They also asked for clarification around what is meant by "deferred admission" in Article 1(6).

ESMA's response

616. In response to the comment about permitting other types of prospectuses and somewhat different disclosure where the issuer is complying with the requirements of third countries, Article 29 of the Commission Regulation sets out the conditions under which a prospectus drawn up in accordance with the rules of a third country may be used for an offer of securities to the public or an admission to trading on a regulated. ESMA therefore considers that it is not within its mandate to develop different disclosure requirements for third country issuers.

617. In relation to complex financial history, ESMA considers that there may be circumstances where non-financial information is relevant to fully explain a complex transaction. ESMA is of the opinion that widening the scope to any other information required by the registration document and securities note schedules would aid investors in their investment decision. ESMA will therefore include Article J as set out in the format and content Consultation Paper.

618. In relation to supplements post-21 July 2019, Article 46(3) of the Prospectus Regulation clarifies that prospectuses approved before 21 July 2019 will continue to be governed by the national law transposing the Prospectus Directive until the end of their validity or until twelve months have elapsed after 21 July 2019, whichever occurs first. As regards Article 1(6) of the Prospectus Regulation, ESMA points out that it cannot amend the timing of its application. This was set out at Level 1 and is therefore outside the scope of ESMA's mandate.

3.2. Technical advice on the format and content of the EU Growth prospectus

619. This section addresses the responses received to the Consultation Paper on the format and content of the EU Growth prospectus[10] and all question numbers refer to that Consultation Paper. Where respondents provided similar or even identical input in response to more than one question, ESMA addresses these comments only once in

[10] Consultation Paper on draft technical advice on content and format of the EU Growth prospectus (ESMA31-62-649).

order to avoid unnecessary repetition. Lastly, citations to disclosure items are made with reference to the schedules contained in the Consultation Paper.

3.2.1. General remarks

620. In addition to responding to the specific questions, a number of respondents have provided general input on various topics touched upon in the Consultation Paper. This input is set out in this section along with ESMA's response thereto.[11]

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
-	1	1	5	1	3	3	3

621. 17 respondents provided general remarks in order to highlight their views on specific topics. In some cases, the same topics were also mentioned or further analysed in their responses to the questions of the Consultation Paper. One respondent pointed out that prospectuses of smaller issuers should be concise and contain business focussed data. In the view of this respondent, lengthy, contract-like prospectuses are not particularly suitable for tapping into capital markets nor raising investors' interest. The respondent pointed out that the key objectives of a prospectus regime for SMEs should be to (a) introduce elements from investor presentations and analysts' research; (b) make the information relevant to investors, and available in more accessible and user friendly format; (c) reduce the cost of preparing a prospectus

622. Two[12] respondents questioned whether a bottom-up approach has been followed for the development of the technical advice on the format and content of the EU Growth prospectus. Regarding the simplification for SME Growth Markets, a respondent thinks that this should have covered all SMEs without distinction between regulated markets and multilateral trading facilities (MTFs). In their view, the EU legislation aims, on the one hand, to alleviate the burdens for SMEs while it does not allow all SMEs to benefit from prospectus simplification, and, on the other hand, other pieces of EU legislation, such as MAR, impose burdens on all SMEs.

[11] Where respondents have provided input on topics addressed in other section of the Consultation Paper, their input is summarised under the appropriate question rather than in Section 3.3.1.

[12] One of the stakeholders provided this comment in response to Question 1.

623. Other respondents representing stock exchanges queried how SMEs would become eligible for the EU Growth prospectus given that Level 1 clearly includes both issuers other than SMEs with market capitalisation that is smaller than the threshold set out in point (b) of PR Article 15(1), and SMEs defined according to turnover, number of employees, etc. These respondents suggested that for public offers by SMEs immediately followed by an admission to trading on an MTF or SME Growth Market, it should be possible to take into account the tentative market capitalisation (i.e. pre listing) and, when it is below the threshold set out at Level 1, allow companies to take advantage of the EU Growth prospectus even though they might not fit the 'functional' definition of an SME.

624. One respondent representing investors considered that the draft technical advice succeeds in realigning the technical requirements to the goals set out in Level 1 while achieving the necessary continuity in the interest of supervision and market participants. In the respondent's opinion, ESMA has balanced the objective of simplifying disclosure requirements against the needs of investor protection and ensuring investors are presented with relevant and material facts to enable them to make informed investment decisions.

625. Furthermore, the same respondent pointed out that supervisory convergence should be fostered in order for the new regime to work. They considered this as essential to avoid regulatory arbitrage, harmonise practices and ensure an efficient approval process, which would create a level playing field for companies wanting to raise capital and an appropriate level of investor protection across the EU.

626. However, another respondent pointed out that although many requirements should be harmonised across the EU, there may be practices which have developed in a local ecosystem and which motivate certain requirements. This respondent urged that the practice in certain jurisdictions under which exchanges vet SME prospectuses using concise and informative documents be allowed to continue. Furthermore, this stakeholder emphasised the need to alleviate, as much as possible, the regime for secondary offers given that companies admitted to trading on Regulated Markets or MTFs already produce a great deal of information that is publicly available.

627. The same respondent was of the opinion that the financial sector has a key role in reaching the climate change goals of the Paris Agreement and the EU's 2030 Agenda for sustainable development. They considered that it is key in having more private capital, including through SMEs/SME Growth Markets, mobilised towards green and sustainable investment so as to enable the transition to a low-carbon economy.

ESMA's response

628. ESMA welcomes the general comments provided by stakeholders. As regards the points set out in paragraph 621 and 622, ESMA appreciates the general suggestions for an EU Growth prospectus that is more readable without imposing unnecessary costs to the issuer. To address the comment in relation to the bottom-up approach, ESMA explains,

in a bit more detail, the methodology for the development of its technical advice in paragraph 629 below.

629. At the outset, and in order to identify the minimum information content of the EU Growth prospectus, ESMA considered the information that is necessary for investors to make an investment decision. It also took into account the potential costs on issuers in providing information that is duplicated or too costly with little or no added-value to investors. In developing the draft technical advice, ESMA tried to balance these two, sometimes competing, objectives. As required under the Commission's mandate, ESMA took as benchmarks the content of admission documents that are prepared for the admission to trading on MTFs. Finally, the wording of the information items was brought in line with the wording used under the full regime with the aim of providing certainty on the actual disclosure requirements of the EU Growth prospectus.

630. In response to the argument that all SMEs should be eligible for the EU Growth prospectus regardless of admission to trading on a regulated market or an MTF, ESMA points out that PR Article 15(1) sets out which issuers may use the EU Growth prospectus. Moreover, as clarified in PR Recital 53, the aim of this distinction is to provide investors on regulated markets with comfort that a single set of disclosure rules applies to those markets.

631. As regards the application of the criteria for eligibility to the EU Growth regime, ESMA notes that this topic is not within its mandate and cannot therefore be addressed in its technical advice. Nevertheless, this point, as well as other points raised in relation to the fostering of supervisory convergence and harmonisation of practices, will be considered when developing Level 3 guidance in order to provide more clarity to market participants.

632. ESMA is aware that some operators of MTFs scrutinise admission documents and points out that, in the case of offers and admissions to trading that are outside the scope of the Prospectus Regulation, this practice would still continue when the new prospectus regime becomes applicable. ESMA also takes note of the proposal for further alleviation in the case of secondary offers by issuers that are admitted to trading on MTFs. However, ESMA notes that the co-legislators intentionally restricted the simplified disclosure regime for secondary issuances to issuers whose securities have been admitted to trading on a regulated market or an SME Growth market pursuant to PR Article 14(1).

633. In addition, ESMA draws readers' attention to PR Article 15(1)(b) under which the option to use the EU Growth prospectus is not extended to issuers whose securities are admitted to trading on MTFs other than SME growth markets. ESMA understands that the purpose of the aforementioned provisions is to set a limit to the use of the EU Growth prospectus and the secondary issuance regime to specific types of issuers only. Therefore, although the secondary issuance prospectus cannot be used by all SMEs, under PR Article 14(1), issuers that are admitted to trading on an SME Growth market are eligible for the secondary issuance regime.

634. ESMA acknowledges the proposal to require issuers who are eligible for the EU Growth prospectus to disclose information on sustainability issues. ESMA is aware that in its final report[13], the High-Level Expert Group on Sustainable Finance recommends strengthened disclosure of information on sustainability issues integrating environmental, social and governance (ESG) aspects as well as "clarity about the role and responsibility of listing authorities in promoting disclosure of ESG information across the EU, also building on the new Prospectus Regulation and ensuring that ESMA incorporates ESG considerations into the development of Level II and Level III regulation". While ESMA considers that disclosure on sustainability may not be relevant for all SMEs, it points out that even smaller companies may pursue sustainability initiatives, such as, for instance, a 'paperless' office environment, or face risks and opportunities relating to ESG elements. In view of these considerations, ESMA considers that where such disclosure would be relevant to investors, the issuer would be free to include it in the EU Growth prospectus as it may be a key factor in creating long-term value and it will therefore be of interest to investors. Such information could, for instance, be disclosed under section 2 of Annex 22 of the EU Growth share registration document[14], if material to the issuer's strategy. However, ESMA does not propose to mandate the inclusion of a specific disclosure item in relation to ESG topics in order to avoid imposing additional obligations that may be too onerous for smaller issuers.

[13] Final Report 2018 by the High-Level Expert Group on Sustainable Finance, 1 February 2018.

[14] Strategy, performance and business environment.

3.2.2. Format of the EU Growth prospectus

635. This section summarises the feedback which ESMA received in relation to Questions 1 to 5 of the Consultation Paper on the EU Growth prospectus[15] and presents ESMA's response to this feedback.

Question 1: Do you consider that specific sections should be inserted or removed from the registration document and / or the securities note of the EU Growth prospectus proposed in Article A? If so, please identify them and explain your reasoning, especially in terms of the costs and benefits implied.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	2	7	1	5	2	3

636. ESMA received 22 responses to Question 1. Overall respondents agreed to the number and ordering of the sections in the registration document and securities note of the EU Growth prospectus. However, stakeholders provided several suggestions in relation to the addition and deletion of individual disclosure items. The input in relation to the specific suggestions for the removal or addition of disclosure items will be presented in the sections summarising the relevant questions in this feedback. The same applies to the input provided in relation to the cover note and the schedules for the registration document and the securities note that are applicable in the case of equity and non-equity issuers.

637. Five respondents proposed amending the order of the sections in the EU Growth prospectus in order to allow smaller issuers to explain their reasoning and specificities in a more logical and fluid way. Under this proposal stakeholders suggested, for instance, the grouping of the disclosure of the working capital statement and the statement of capitalisation and indebtedness together with the financial statements and KPIs. In addition they suggestedmoving the presentation of risk factors to the end of the prospectus.

638. One respondent commented that the proposed prospectus is not necessarily lighter compared to the full prospectus nor easier for issuers to prepare. This respondent suggested that an alternative approach would be to consider the listing requirements for

[15] Consultation Paper on the content and format of the EU Growth prospectus (ESMA31-62-649).

MTFs and only require a form with issuer data such as contact details, management and supervisory board, name and address of board members, date of incorporation, business activity, paying agent, financial information and the terms and conditions of the security.

639. Lastly, one stakeholder remarked that the principle of materiality and the "necessary information test" set out in PR Article 6 should be respected, requiring issuers to include any material information on their business which is particularly relevant for investors. The respondent used the example of property companies that would need to disclose key information on the most significant assets or lease agreements.

Input from the SMSG

640. While the SMSG does not see the need to add or remove any sections in the registration document and the securities note of the EU Growth prospectus, it nevertheless comments that ESMA should prescribe an order for the disclosure items identical to the order in the general prospectus to ensure transparency and efficiency for investors.

ESMA's response

641. ESMA takes note that some of the input provided in response to Question 1 refers to elements that are addressed in other questions of the Consultation Paper. It will therefore provide its views in the relevant sections that deal with these topics.

642. ESMA has considered the suggestions to amend the order of the sections in the EU Growth prospectus. In relation to this topic, ESMA points out that under PR Article 15, the technical advice on the format and content of the EU Growth prospectus should be based on Annexes IV and V of the Prospectus Regulation. To comply with this requirement, ESMA has followed the order prescribed in the aforementioned Annexes.

643. ESMA has carefully considered the suggestion that an EU Growth prospectus should include a form with issuer data. In ESMA's view, this suggestion would not fulfil ESMA's mandate to base its technical advice on Annexes IV and V of the Prospectus Regulation. Furthermore, ESMA points out that, as required under the Commission's mandate, the content of the EU Growth prospectus was benchmarked against the content of admission documents used for the admission to trading on non-regulated markets. The key differences between them are set out in section 4.3.4. of the Consultation Paper.

644. Lastly, in response to comments raised by one stakeholder in relation to the disclosure requirements for specialist issuers such as property companies, ESMA would expect specialist issuers eligible for the EU Growth prospectus to comply with the guidance provided at Level 3. In addition, ESMA clarifies that it plans to undertake a review of the existing disclosure requirements set out in the ESMA update of CESR

recommendations[16] and amend these as necessary so that they are consistent with the new prospectus regime that will be applicable from 21 July 2019.

Question 2: Do you agree with the proposal to allow issuers to define the order of the information items within each section? Please elaborate on your response and provide examples. Can you please provide input on the potential trade-off between benefits for issuers coming from increased flexibility as opposed to further comparability for investors coming from increased standardisation?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	7	1	5	3	4

645. 25 responses were received to Question 2, the majority of which (17) supported the proposed flexibility that would allow issuers to define the order of the disclosure items within each section. Respondents who agreed that issuers should be free to adapt the order of information items within a section argued that flexibility should prevail over comparability, as this would allow issuers to disclose information in a way that is coherent and consistent with their business, which would furthermore make the prospectus comprehensible and clear for investors. In addition, it was pointed out that as most retail investors do not carry out extensive or sophisticated comparability studies when deciding to invest in particular securities, the loss in comparability between different public offers will not be particularly important.

646. On the other hand, respondents who supported a predefined order within each section of the EU Growth prospectus highlighted that the benefits from a less standardised format are not very clear. At the same time they pointed out that the proposed approach would adversely impact the cost of preparing the document as it would lead to an initial higher effort to draw up the prospectus that is produced using a flexible template, while NCAs are likely to find it more time-consuming and less easy to review the prospectus .

647. Finally, two respondents suggested that it would be helpful to clarify that the disclosure items set out in the technical advice are the minimum information requirements and therefore it should be possible for the issuer to include additional information where necessary.

[16] ESMA update of the CESR recommendations (ESMA 2013/319, 20 March 2013).

Input from the SMSG

648. The SMSG supports the greater flexibility as it believes that this discretion will allow issuers to better highlight their distinctive characteristics and features and make the prospectus even more comprehensible. Additionally, the SMSG points out that issuers should be free to include additional information where that information is material to investors.

ESMA's response

649. ESMA welcomes the support of the majority of stakeholders in relation to the ability of issuers to change the order of information items within each section. ESMA notes that the introduction of flexibility will allow issuers to prepare a prospectus that is easy to read and more understandable as the information items will be presented in an order that is adapted to the issuer's investment proposal. ESMA shares the views of respondents that this approach would facilitate a more thorough assessment and a deeper understanding of the main information items specific to the issuer and its business model as well as permitting issuers to highlight their distinct characteristics better without being detrimental in terms of investor protection.

650. Moreover, ESMA points out that the proposed schedules set out the minimum information requirements of the EU Growth prospectus as stated in Article E "*Minimum information to be included in a prospectus*". In this regard, under the materiality test set out in Recital 27 and Article 6 of the Prospectus Regulation issuers are required to disclose the necessary information which is material for investors to make an informed assessment irrespective of whether this information is covered by the proposed schedules. ESMA notes that where necessary, issuers should disclose this additional material information under the section where it most appropriately fits.

Question 3: Given the location of risk factors in Annexes IV and V of the Prospectus Regulation, do you consider that this information is appropriately placed in the EU growth prospectus? If not please explain and provide alternative suggestions.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	7	2	4	3	2

651. ESMA received 23 responses to Question 3. While seven stakeholders considered that the position of the risk factors section in the EU Growth prospectus is appropriate, more

than half of respondents (16) made different suggestions. In particular the following recommendations were made:

a) Eight respondents (five issuer associations, two respondents in the category "Legal and accounting" and one respondent in the category "Other") favoured presenting the risk factors at the end or towards the end of the document[17]. In this case, they point out that by the time investors reach the risk factors section they are already familiar with the business of the issuer and the terms of the offer. Therefore, they would be in a better position to assess the individual risk factors and their possible impact on the issuer or the securities. Specific proposals include: (a) placing risk factors after the section "Details of the offer"; (b) risk factors would be more appropriately placed after section n)[18] in a single prospectus or after section h)[19] for the registration document and section j)[20] for the securities note in cases where the prospectus is drawn up as separate documents.

b) Three stakeholders (one issuer association, one regulated market and one respondent in the category "Banking") proposed that risk factors are placed more prominently at the beginning of the prospectus, namely before the section "Strategy, performance and business environment" in the registration document.

c) One respondent remarked that the proposed location of risk factors should converge with the US – S1 practice, while another pointed out that risk factors should be in the same position as in a traditional Euro Medium Term Note programme (EMTN).

d) Two stakeholders pointed out that the exact location of risk factors is not important in itself provided that investors are in a position to be able to easily find the relevant section in the prospectus.

e) Six stakeholders considered that placing the risk factors after the section "Strategy, performance and business environment" would be more appropriate as investors would be in a position to understand them better in the context of the issuer's business. In addition, as pointed out by one respondent, a brief description of the most material risk factors would already have been presented in the summary i.e. at the beginning of the document.

f) One respondent considered that risk factors would be better if presented earlier in the prospectus without providing an exact location, while another respondent

[17] This point was also raised in response to Question 1.

[18] Guarantor information.

[19] Shareholder and security holder information.

[20] Guarantor information.

proposed that risk factors should be placed between the “Details of the offer/admission” and the “Terms and conditions of the securities”. Lastly, a respondent suggested that the issuer should be free to set the order of information including the location of risk factors.

Input from the SMSG

652. In relation to this point, the SMSG observes that it would be valuable for investors to find the risk factors in a prominent position and at the same location in each prospectus in order to facilitate quick digestion of the information.

ESMA’s response

653. ESMA takes note that stakeholders expressed mixed views as regards the placing of risk factors and understands the validity of arguments that were put forward in support of each proposal. At the same time, ESMA highlights the absence of a majority position and the diversity of stakeholder views which is indicative of a lack of consensus in this matter.

654. ESMA feels confident that the proposed placing of risk factors in the EU Growth prospectus strikes an appropriate balance in that it avoids disclosing this information at the beginning of the document, before investors have a chance to understand the issuer’s business and therefore appreciate the risks the issuer faces, while, at the same time, avoiding a less prominent position, for instance, at the end of the document. In this regard, ESMA expects that investors will be able to adequately assess the individual risk factors and their possible impact on the issuer. Moreover, ESMA points out that the proposed placing of risk factors in the draft technical advice is in line with the position of risk factors under Annexes IV and V of the Prospectus Regulation.

Question 4: Do you agree with the proposal that the cover note to the EU Growth prospectus should be limited to 3 pages? If not, please specify which would be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	7	-	5	2	3

655. 22 stakeholders responded to Question 4. The majority of respondents (16) did not support the suggestion to impose a limit to the length of the cover note. One respondent

considered this approach as too prescriptive, while others questioned the need for such a limit.

656. In general, in line with input received to Question 1, respondents were not in favour of the mandatory inclusion of a cover note. Furthermore, some respondents indicated that the content of the cover note lacked clarity and that market participants would appreciate more guidance on this issue.

657. In particular, apart from the argument that a cover note is not directly mandated in Level 1, ESMA notes a number of considerations raised by stakeholders. Respondents pointed out that the purpose of the cover note is not clear and that further guidance would be useful. In addition, they indicated that the information in the cover note could duplicate information disclosed in the summary and raise liability issues for issuers. One stakeholder mentioned that the requirement to include a cover note goes against the purpose of simplification of the prospectus and another challenged the need for a cover note given that the EU Growth prospectus should be a simplified document adequate for the needs of smaller issuers. In general, stakeholders recommended that the inclusion of the cover note should be optional rather than mandatory.

Input from the SMSG

658. The SMSG is in favour of a flexible approach and considers that ESMA should neither prescribe a cover note nor set a page limit.

ESMA's response

659. On the basis of the input received from market participants, ESMA understands that there is not much support for a specific page limit on the length of the cover note as stakeholders consider this approach restrictive and burdensome for issuers. Furthermore, ESMA notes that market participants expressed their disagreement to the mandatory inclusion of a cover note in the EU Growth prospectus as expressed in several responses to Questions 1 and 4.

660. Considering the feedback received, ESMA has revisited its proposal to include a cover note in the EU Growth prospectus and considers that this matter should be left to the discretion of the issuer. However, ESMA notes that the issuer may include it on a voluntary basis. In this case, ESMA believes that where the issuer chooses to include a cover note in the EU Growth prospectus it should be brief and up to three sides of A4-sized paper[21]. As the objective of the cover note is to provide general information on the issuer, ESMA considers that a cover note that is too long would not be helpful to investors and would even reduce the accessibility of the document. As regards the content of the cover note, ESMA will consider undertaking further work to provide

[21] Please also see ESMA's response to Question 1 in relation to the format of the prospectus, the base prospectus and the final terms.

guidance to issuers on the topics that may be covered in this non-mandatory section of the prospectus.

Question 5: Do you agree that the presentation of the disclosure items in para 81 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the disclosure items.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	0	5	1	6	2	4

661. In relation to question 5, ESMA received 21 responses. (9) stakeholders agreed that the presentation of the disclosure items in the EU Growth prospectus is generally appropriate for SMEs, as it covers the main topics that should be presented by issuers seeking to raise funds in the capital markets. One respondent particularly supported the way ESMA has sought to explain what is expected under each disclosure item.

662. However, the remaining respondents, representing issuer associations, issuers and legal and accounting bodies, provided a number of suggestions mainly on the content of the EU Growth prospectus. ESMA highlights that, with the exception of one stakeholder representing an issuer association who commented that it will not be easy for SME issuers to draft the prospectus without using professional advisors, no specific input was provided in relation to the presentation of the disclosure items in the registration document.

663. Nevertheless respondents raised a number of proposals for the inclusion or deletion of information items in the registration document:

a) Optional inclusion of Key Performance Indicators (KPIs) as issuers may not always use KPIs to measure their liquidity, indebtedness and/or profitability[22].

b) Mandatory inclusion of a working capital statement for non-SME Growth market offers as this statement will be required for admission to trading on an SME

[22] A similar point was also raised in response to Questions 1, 11 and 13.

Growth market by the market operators listing rules[23] and it is important disclosure underpinning a proposed investment in an SME.

c) Requirement to include the cash flow statement given that it provides investors with key financial information.

d) Removal of the mandatory inclusion of published profit forecasts or estimates in retail debt or equity as they add a documentation burden on the issuer.

664. Lastly, one respondent suggested the use of the LEI to access the relationship records of the Global LEI System (GLEIS) in order to obtain the name, country of incorporation or residence of an issuer's significant subsidiaries.

ESMA's response

665. ESMA notes that stakeholders did not put forward specific suggestions in relation to the presentation of the disclosure items in the registration document of the EU Growth prospectus in response to this question. They nonetheless provided a number of helpful proposals for further alleviation of the content of the registration document. These will be addressed in ESMA's response to input received to Question 11.

666. Furthermore, ESMA points out that some of the suggested amendments to the content of the registration document, such as the requirement for a working capital statement for all SMEs, run counter to Level 1 provisions. More specifically, ESMA's technical advice should be based on Annexes IV and V of the Prospectus Regulation, which explicitly exempts smaller issuers from the obligation to include a working capital statement in the prospectus. ESMA therefore wishes to clarify that it is not within its mandate to either further alleviate or to impose more stringent requirements compared to the ones that are stipulated in the Prospectus Regulation.

667. ESMA appreciates the importance of the information that is disclosed in a cash flow statement. However, under the draft technical advice, issuers that are eligible for the EU Growth prospectus are allowed to include financial statements that are prepared under national accounting standards and these may not, in all cases, include a statement of cash flows. Consequently, ESMA does not consider it appropriate to mandate a requirement for a cash flow statement in the EU Growth prospectus as this may impose burdens on issuers who, under national rules, are not under this obligation.

668. In addition, ESMA points out that the requirement to include information in the prospectus on the issuers' significant subsidiaries is not meant as a data collection exercise undertaken by ESMA. Therefore, the suggestion in paragraph 664 to use of the LEI by issuers or investors as a key to access information on ownership interest and

[23] Please see Article 78(2)(c) of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

voting rights does not fall within ESMA's mandate. The mandatemerely invites ESMA to provide advice on the content of the EU Growth prospectus.

669. Finally, ESMA addresses the feedback provided in relation to the inclusion of profit forecasts in its response to Question 7.

3.2.3. Content of the EU Growth registration document

670. This section summarises the feedback which ESMA received in relation to Questions 6 to 14 of the Consultation Paper on the EU Growth prospectus[24] and sets out ESMA's response to this feedback.

Question 6: Do you agree with the proposal to introduce a single registration document that is applicable in the case of equity and non-equity issuances? If not please provide your reasoning and alternative approach.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	2	6	2	4	2	3

671. ESMA received responses from 21 stakeholders to Question 6. 13 respondents were supportive of the proposal to set out, in a single registration document, the disclosure items for equity and non-equity issuances. Certain respondents argued that this approach was more efficient in terms of time and costs for issuers, their advisors and competent authorities. However, the remaining stakeholders who responded to this question (8) invited ESMA to develop different templates for equity and non-equity issuances. These respondents point out that it would be preferable for issuers to look at the set of requirements that apply to their particular case as this would be less confusing and clearer especially for smaller issuers. They also highlight that this approach would allow for easier drafting by the issuers given the differences between equity and non-equity securities and a potentially faster review by the competent authorities.

Input from the SMSG

672. The SMSG pointed out that differences in equity and non-equity issuances may require a differentiation in the schedules. In addition, the SMSG considers it would be clearer if

[24] Consultation Paper on the content and format of the EU Growth Prospectus (ESMA31-62-649).

the Level 2 measures for registration documents for equity and non-equity issues were mandated separately. This would allow issuers to look at one set of requirements for each type of issue rather than reviewing a composite set of requirements and eliminating those that are not applicable.

ESMA's response

673. ESMA notes the arguments raised in support of and against the proposal for a single registration document that would apply to both equity and non-equity issuers. Although the points raised in response to Question 15 regarding a single securities note will be summarised further on, ESMA has paid careful attention to the views expressed by stakeholders. Moreover, ESMA strongly believes that the same approach should be followed in the case of the registration document and the securities note, while it is also aware that a few respondents considered that it may not be easy for a small issuer to draw up the EU Growth prospectus without professional advice and suggested that further guidance might be necessary.

674. Given that a core goal of the EU Growth prospectus regime is to facilitate access to EU capital markets by SMEs at a low cost, ESMA has reconsidered its initial position for a single registration document and securities note and revised its technical advice to include separate schedules for equity and non-equity issuances. In this respect, ESMA took into account the responses to Question 15 which suggested a separate securities note for equity and non-equity and applied consistently also to the registration document. ESMA believes that having two registration document schedules depending on the type of securities issued will facilitate the use of the schedules by SMEs and assist them in focusing only on items which are applicable to them instead of navigating through items which are not relevant.

Question 7: Do you agree with the requirement to include in the EU Growth prospectus any published profit forecasts in the case of both equity and non-equity issuances without an obligation for a report by independent accountants or auditors? If not please elaborate on your reasoning. Please also provide an estimate of the additional costs involved in including a report by independent accountants or auditors.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	2	2	7	2	8	3	3

675. In relation to Question 7, ESMA received (29) responses. 13 respondents representing issuers, issuer associations and one investor association agreed with ESMA's proposal to require the inclusion in the EU Growth prospectus of outstanding profit forecasts both in the case of equity and non-equity issuances, without mandating that such are audited by independent accountants or auditors, while five including one investor association considered that an auditor's report should not be required in the case of non-equity securities. Furthermore, certain stakeholders did not support the requirement for the disclosure of profit forecasts in the case of non-equity issuers. In the view of these respondents, future performance is less important for non-equity issuers as investors would be interested in the issuer's ability to repay and focus more on cash flow management and indebtedness. Additionally, one stakeholder calls for a clarification of the report's legal requirements and framework for instance where the issuer chooses to request the report on a voluntary basis.

676. Four stakeholders representing regulated markets and one issuer association suggested that it should be up to the issuer to decide whether to include a profit forecast in the EU Growth prospectus, while two highlighted that in such case the profit forecast should be audited in order to minimise the risks involved in forecasting financial measures. Additionally, one stakeholder mentioned that the inclusion of unaudited profit forecasts could reflect badly on investor trust and have a negative impact on the reputation of the market. Lastly, three stakeholders representing issuer associations observed that the requirement for an accountants' report on pro forma financial information should also be eliminated.

Input from the SMSG

677. In order to make direct capital market access more attractive for SMEs, the SMSG finds it reasonable to not require reports from independent accountants or auditors of profit forecasts at least for non-equity issuances. It points out nevertheless that there have

been incidents in the past related to equity issuances where unaudited forecasts have been misleading and observes that this must be avoided so that the EU Growth prospectus regime meets investor expectations of credibility, allowing it to be successful in the long term. However, the SMSG doubts that requiring an auditor's report is the only way to deal with this matter and encourages legislators, regulators and operators of SME Growth markets to consider possible ways to address it. In addition, the SMSG remarks that if ESMA is seeking to reduce the regulatory burden for profit forecasts, maintaining a similar requirement for audited pro forma financial information should be reconsidered and explained.

ESMA's response

678. ESMA welcomes the input provided in response to Question 7. To address the concerns raised by stakeholders who do not support the disclosure of profit forecasts in the EU Growth prospectus in general, ESMA clarifies that there is no requirement to include a profit forecast where none is published. In this regard, issuers are not mandated to prepare a profit forecast simply for the offer of the securities.

679. ESMA believes though that where there is an already published profit forecast this should be included in the EU Growth prospectus, as this would provide investors with material information that is already publicly available. Nevertheless, ESMA has paid careful attention to the stakeholder concerns that profit forecasts are not generally deemed to be as important for non-equity as for equity investors. With respect to these concerns, ESMA has revised its technical advice and will require that outstanding profit forecasts be included in the case of equity issuances only. ESMA points out that while the inclusion of profit forecasts is not mandated for non-equity, an issuer of an outstanding profit forecast, should nevertheless consider whether, in the specific circumstances, the profit forecast constitutes information that should be disclosed in the prospectus in accordance with PR Article 6.

680. ESMA takes note of the arguments in relation to the disclosure of profit forecasts in the prospectus without an obligation for an independent auditor's report and especially the concerns raised as regards the mandatory disclosure of an outstanding profit forecast. When taking the decision to not require an independent report for profit forecasts, ESMA considered the cost alleviation to issuers and balanced this with the inclusion of a statement on the assumptions that provide the basis for the profit forecasts in order to provide helpful information to investors in the absence of the report. ESMA continues to be of the opinion that the requirement to include an audit report on profit forecasts and profit estimates creates additional costs for the issuer with the limited comfort being provided to investors. Therefore, ESMA maintains the view that the requirement for audited profit forecasts would be of limited value to investors while imposing additional costs on issuers and does not intend to revise its technical advice.

681. Lastly, in response to the comment raised by the SMSG ESMA remarks that while the requirement for an auditor's report on profit forecasts would be burdensome and unnecessarily costly for issuers, the same argument cannot be applied to the requirement for audited pro forma information. ESMA points out that an auditor's report

on pro forma information would provide comfort to investors given that it is based on historical information. In addition, ESMA refers to Q&A 54, under which it is clarified that pro forma information, if not prepared with due care, might confuse or even mislead investors.[25] Therefore ESMA believes that the requirement for audited pro forma information should remain to avoid endangering investor protection.

Question 8: Do you consider that the requirement to provide information on the issuer's borrowing requirements and funding structure under disclosure item 2.1.1 of the EU Growth registration document should be provided by non-equity issuers too? If yes, please elaborate on your reasoning.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	5	-	4	1	2

682. 17 respondents provided their responses to Question 8. A majority of respondents (10) noted that they consider information on the issuer's borrowing requirements and funding structure as equally relevant for equity as for non-equity issuances and suggested that it should be disclosed in the EU Growth prospectus as a mandatory information item. On the other hand, stakeholders who were not in favour of imposing this requirement to non-equity issuers argued that this information would be provided if material under PR Article 6 and remarked it would be too burdensome and costly to require in all cases.

Input from the SMSG

683. The SMSG supports requiring information on the issuer's borrowing requirements and funding structure for non-equity issuances as it could allow an evaluation of the solvency of the issuer. However, in the view of the SMSG this requirement for non-equity issues should be restricted to material information only.

ESMA's response

684. ESMA takes note of the support for the mandatory inclusion of information on the issuer's borrowing requirements and funding structure. It furthermore points out that the majority of respondents consider this information as necessary and not significantly burdensome for issuers. In general, they highlighted that it would be equally helpful for investors in the case of equity and non-equity issuances so that they get a better

[25] Please see Q&A 54, October 2017 (ESMA-31-62-780).

understanding of the issuer's ability to repay and the structure of its financing. ESMA therefore decided to adjust its technical advice in order to align the disclosure requirement on item 2.1.1 for equity and non-equity issuances. It furthermore sees room to revise the wording of the disclosure item so that the disclosure covers the period since the end of the latest financial period for which annual or interim financial statements are included in the prospectus.

Question 9: Do you think that the information required in relation to major shareholders is fit for purpose? In case you identify specific information items that should be included or removed please list them and provide examples. Please also provide an estimate of elaborating on the materiality of the cost to provide such information items.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	6	-	4	3	3

685. In response to Question 9, ESMA received 21 responses, the vast majority of which (15) expressed their support for the disclosure required in relation to major shareholders. Overall, market participants considered that information on the ownership structure of the issuer could be very useful for investors when assessing their investment options. While one stakeholder noted that the 5% threshold is consistent with rules already in place in some markets, another respondent proposed to apply a 10% threshold as this would be more appropriate for smaller companies. Other respondents remarked that the use of lower thresholds should be allowed to comply with the thresholds imposed by Member States to issuers admitted to trading on SME Growth markets.

686. Furthermore, respondents pointed out that the technical advice should explain that the disclosure requirements do not extend to rights that are not notifiable under the Transparency Directive (TD), especially with regard to indirect holdings. In order to clarify this point, stakeholders suggested that the wording of the disclosure item should be brought in line with the terminology and definitions used in the Transparency Directive. Lastly, one respondent suggested that in addition to disclosing the holdings of major shareholders at the date of the registration document, such information is also given, so far as is known, at the date of admission to the relevant SME Growth Market or the closure of the offer.

Input from the SMSG

687. The SMSG is concerned that it is unclear how holdings, specifically indirect ones, are to be determined. Legal certainty for the issuer would require either a reference to the rules in the TD or, in the interest of proportionality, a set of simpler rules on its own.

ESMA's response

688. ESMA welcomes the broad support for the disclosure on major holdings. However, it also takes note of the concerns raised in relation to the applicable threshold and the need for further alignment of the wording of the information item with the terminology used in the TD.

689. ESMA points out that the TD would not be applicable to issuers eligible for the EU Growth prospectus. It therefore finds it unnecessary and burdensome for SMEs to require their compliance with provisions that apply to issuers with shares admitted to trading on a regulated market.

690. ESMA does not consider it beneficial for issuers to introduce in the EU Growth prospectus regime provisions that were developed with a different type of issuer in mind, as this would run counter to its mandate for alleviated standards of disclosure to which issuers may comply without external advice. Given the divergences in national law as regards the notification obligations of major shareholders issuers of their shareholdings, and the complexity of producing a bespoke shareholder disclosure regime for EU Growth prospectus issuers, ESMA proposes that information on major shareholders be disclosed insofar as it is known to the issuer. ESMA, therefore, believes that the proposed disclosure under item 5.1 is fit for purposes for SMEs. Furthermore, ESMA notes that it is not aware of unclear elements or difficulties with respect to compliance with disclosure on major shareholders where the TD requirements do not apply. Nevertheless, should there be a need for further guidance, ESMA will consider how best to provide such in the context of its Level 3 work.

691. ESMA has also realised that items 5.1.3 and 5.1.4 have inadvertently not been required for equity issuers and has amended its technical advice in order to rectify this.

692. Lastly, as regards the suggestion to require additional disclosure on major shareholders at the date of the admission to trading or the close of the offer, ESMA, does not see the need to impose on smaller issuers additional disclosure requirements that do not apply to issuers preparing a full prospectus. However, ESMA remarks that, if this information falls under the definition of a significant new factor, this information should be disclosed pursuant to PR Article 23 on supplements to the prospectus.

Question 10: Do you agree that issuers should be able to include in the EU Growth prospectus financial statements which are prepared under national accounting standards? If not please state your reasoning. Please also provide an estimate of the additional costs involved in preparing financial statements under IFRS.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	7	2	7	4	4

693. 29 stakeholders provided their views in response to Question 10. All but one supported ESMA's proposal to allow issuers to include in the EU Growth prospectus financial statements drawn up under national accounting standards. Despite the significant support to give issuers flexibility in relation to this element, some respondents noted that comparability of financial statements would suffer and that foreign investors might be disincentivised to invest in SMEs that include financial statements under national GAAP in the prospectus.

694. One stakeholder pointed out that financial statements under national accounting standards would not be harmonised across the EU. To address this issue, it was proposed that issuers be required to prepare financial statements under IFRS in the case of cross-border offers. Additionally, one respondent remarked that any accounting and reporting solutions should be implemented within the existing IFRS framework even for SMEs so that EU-specific solutions are avoided.

695. As regards the costs of converting financial statements to IFRS, two respondents explained that it is a time consuming process which may take more than three months and cost in excess of EUR 50 000.

Input from the SMSG

696. The SMSG is supportive of the proposal to allow issuers to include in the EU Growth prospectus financial statements drawn up under national accounting standards.

ESMA's response

697. ESMA takes note of the overwhelming support for the inclusion in the EU Growth prospectus of financial statements prepared under national accounting standards. While ESMA is aware that international investors may be less inclined to invest in securities of an issuer only disclosing financial statements under national accounting standards, it observes that it would be possible for issuers to adopt IFRS on a voluntary basis in case

they wish to appeal to a broader pool of non-local investors. However, where an issuer is relatively small and still dependent on national investors for financing the use of national accounting standards could be a cost efficient option. Flexibility for issuers will allow them to tailor their disclosure as appropriate for their targeted investor base.

Question 11: Do you consider that there are other additions or deletions that would improve the utility of the EU Growth registration document? If yes, please specify.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	-	6	-	5	2	1

698. 16 stakeholders responded to Question 11. While two respondents stated that it is not necessary to delete or add disclosure items in the EU Growth registration document, 14 respondents provided specific suggestions on the removal or inclusion of information.

699. More specifically, two respondents proposed the use of three distinct categories for the information that issuers should provide. The first category would include a set of core items such as description of the business model, key market features, business strategy, overview of performance, reasons for offering and use of proceeds which would be disclosed in the prospectus. This information would be the most relevant for investors when they make their investment decisions. The second category items would be company specific 'boiler plate' information that could be incorporated by reference on the issuer's website, with links provided in the prospectus. This would ensure the reduction of the sheer volume of information – much of which is not of immediate use to an investor. The third category items would be standard information which applies to any company or offer such as known differences between a country's accounting framework and the International Financial Reporting Standards. This information could be set out on a website maintained by an external party such as the market operator, securities regulator, or an independent IPO platform. Unlike the second category of disclosures, however, this would not constitute incorporation by reference.

700. In addition, one of the aforementioned respondents advocated the use of technology as an alternative means of disclosing certain information, without including everything in a prospectus and pointed out that incorporation by reference is not currently used to its full potential because of liability and legal protection concerns on the part of issuers and their advisors.

701. In line with the above considerations, the respondent made a number of suggestions in relation to the disclosure items that are included in the registration document. More specifically:

a) Disclosure of several disclosure items on the issuer's or a third party website rather than in the prospectus to avoid preparing a document that is too lengthy. These items would be 5.6 (Memorandum and Articles of Association), 5.7 (Material contracts), 6 (Financial statements and Key Performance Indicators (KPIs)), item 4.1.2[26].

b) Non-mandatory disclosure of a number of items preferably on the issuer's or a third party website. These items would be 1.2 - 1.5[27], 6.6 (Dividend policy) and 6.7 (Pro forma financial information).

c) Removal of some items, namely item 2.3 (Organisational structure), 2.6 (Regulatory Environment) and 5.1 (Major shareholders).

d) Modification of disclosure that is required under specific items. In particular:

i) item 1 (Persons responsible, third party information, experts' reports and competent authority approval) where the need to include more extensive details and statements in the prospectus itself was questioned as they add no immediate value for an investor's initial investment decision and merely increase the volume of the prospectus;

ii) item 2 (Strategy, performance and business environment) which is proposed to only include core information on the issuer while more extensive descriptions of the business, its markets and customers, and its strategy can be placed on the issuer's website.

iii) item 3 (Risk factors) and in particular emphasise that risk factors should, to the degree possible, be quantifiable;

iv) item 4 (Corporate governance) where the issuer should provide an overview of selected key management members, their past track record in the same or similar value chains, markets and industries, the key drivers in the compensation package of any of the above key management members. In addition, with regard to Item 4.1.2. in particular, the need to

[26] This item requires disclosure of qualifications, relevant management expertise and experience of the issuer's key management that are mentioned in points b and c of item 4.1.1.

[27] These items require a declaration by the persons responsible for the registration document, a disclosure regarding experts, a statement regarding third party information and a list of statements regarding approval of the registration document, the approving NCA, the legal regime under which the prospectus was drawn up.

include full five year details of “all companies and partnerships”, was questioned.

v) item 6 (Financial statements and Key Performance Indicators (KPIs)) where it is proposed that only summarised information should be included in the prospectus and issuers should be encouraged to provide comments, explanations and descriptions on the summarised financial information and visible trends in the prospectus itself.

vi) Item 6.1.3. (Accounting Standards) regarding which the respondent advocates for an accounting and reporting solution which, within the IFRS framework, would be proportionate and tailored for SMEs.

702. Other respondents singled out the following disclosure items for deletion:

a) The requirement to prepare pro forma financial information in Section 6.7. as they consider that in practice it is often very burdensome and disproportional with the actual disclosure quality to the investors;

b) The history of share capital and share capital reconciliation, disclosure on the resolutions under which securities are created and the objects and purpose clause in Memorandum and Articles of Association[28];

c) Item 5.6.2[29] which requires a brief description of any anti-takeover provisions in the issuer’s memorandum and articles of association.

d) The description of the geographic distribution and method of financing under item 2.4.2;

e) Adaptation of the wording in item 2.5[30] so that it only pertains to the parts of the management report that reflect the requirements of the Accounting Directive.[31]

f) Item 5.4 (Related party transactions) is not needed as the related party disclosures required under IAS 24 is part of the issuer’s consolidated financial statement and is included under item 6.1 (Annual financial statements);

[28] These points were also raised in response to Questions 1 and 5.

[29] This input was provided in response to Question 13. The disclosure item asks for a brief description of any provision of the issuer’s articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.

[30] Operating and financial review (to be provided by equity issuers with market capitalisation above EUR 200 000 000 only when the Annual Reports presented and prepared in accordance with Articles 19 and 29 of Directive 2013/34/EU are not included in the EU Growth prospectus)

[31] This input was provided in response to Question 5.

g) Items 6.3.2[32] and 6.3.3 which a respondent considered as not relevant to the investment decision;

h) Item 4.2 - Remuneration and benefits as it might not be easy to include and it might be of less relevance to SMEs[33]. In its response to Question 5 one stakeholder considers that item 4.2.2[34] appears redundant as it asks for information that is already disclosed in the financial statements.

703. One respondent pointed out that the meaning of the disclosure item under item 6.5 (Significant change in the issuer's financial position) is unclear, while a small number of respondents suggested that it would be useful to require additional information such as the following:

a) Align disclosure with the full prospectus on the following items: (i) statutory auditors; (ii) capital resources; (iii) conflicts of interests; (iv) interim and other financial information (v) cash flow statements and (vi) material contracts where the requirement should be extended to two years;

b) The causes of material changes from year to year in the financial information;

c) Information relating to important events in the development of the issuer's business, research and development and patents and licences[35] if they are material and key to understand the business model, business plan, forecasts and estimates, joint ventures and undertakings[36] and real estate[37];

d) A "warning", explicitly mentioning that the prospectus is prepared under the proportionate regime specific to SMEs and midcaps and as such is lighter compared to a full prospectus.

704. Lastly, in response to Question 5 one respondent proposed to amend the name of the heading "Shareholder and security holder information" so that it reflects the disclosure required under this section. In response to the same question, another stakeholder remarked that more emphasis should be put on the description of the business model and the markets where the issuer operates as well as the forward looking statements, while disclosure regarding the representatives of the issuer and information on the issuer is less important and need not be very prominent as it would probably be incorporated

[32] Indication of other information in the registration document, which has been audited by the auditors.

[33] This input was provided in response to Question 12.

[34] The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.

[35] The same point was raised in the general comments made by some stakeholders as well as by a regulated market in response to Question 26.

[36] This point was raised in response to Question 1.

[37] Input provided in response to Question 1.

by reference. The stakeholder stressed the fact that some information, such as the Memorandum of Association, would in any case be published on the issuer's website. Therefore, of relevance to investors is the information that would help them assess the impact of the offer to the issuer's corporate governance. In addition, the stakeholder proposed to ungroup the items relating to the issuer's management from information on corporate governance.

ESMA's response

705. ESMA has considered the points raised in relation to content of the registration document of the EU Growth prospectus. As regards the suggestion to divide the information in the EU Growth prospectus into three categories, ESMA notes that the provisions on incorporation by reference under PR Article 19 apply equally to the EU Growth prospectus. In this regard, ESMA considers that it is superfluous to include in its technical advice the list of documents that may be incorporated by reference in a prospectus.

706. While ESMA acknowledges that it should be possible for smaller issuers to incorporate in the prospectus by reference the documents set out in points (a) to (k) of PR Article 19(1), it also points out that this possibility cannot be extended to information that is not explicitly set out in the Prospectus Regulation. Furthermore, ESMA highlights that issuers may choose to incorporate by reference documents that are disclosed on the issuer's website or even third party websites if they wish. However, ESMA underlines that the possibility to incorporate information by reference is clear at Level 1 and fails to see the need or benefit to encourage the use of discretions by issuers.

Removal of disclosure items

707. Considering the arguments raised in relation to the removal of disclosure items, ESMA acknowledges the validity of the proposal to not require the mandatory inclusion of the following items and has revised its technical advice in order to delete them from the EU Growth registration document:

a) Item 2.6 - Regulatory Environment while modifying the wording of item 2.2.1 to require such information only where it is relevant to the issuer's strategy and objectives;

b) Item 5.6.1 under Memorandum and Articles of Association.

Maintaining disclosure items

708. Whereas ESMA acknowledges that the content of the EU Growth prospectus should be reduced in comparison to the content of the full prospectus it is also mindful that the reduced content should be adequately balanced with investor protection. While it has carefully considered the arguments by stakeholders for the removal of information, ESMA strongly believes that the following information should be maintained in the registration document of the EU Growth prospectus:

a) Items 1.2 - 1.5[38];

b) Item 5.1 - Major shareholders[39];

c) Item 5.4 - Related party transactions;

d) Item 5.6.2[40] which requires a brief description of any anti-takeover provisions in the issuer's memorandum and articles of association;

e) Item 6 - Financial statements and KPIs, including items 6.3.2 and 6.3.3;

f) Item 6.7 – Pro forma financial information.

709. In relation to the above items ESMA points out that items 1.2 – 1.5 provide comfort to investors as under these items issuers take responsibility with regard to the accuracy and quality of the information in the prospectus. The remaining items under points b) – f) of paragraph 708 provide disclosure on the issuer's financial position and performance and highlight specific elements such as related party transactions or anti-takeover provisions that would be pertinent for investors when assessing a potential investment in the issuer's securities.

Revision of disclosure items

710. ESMA has carefully considered the concerns raised and adjusted its technical advice in in relation to the below items:

a) Item 2.3 - Organisational structure: This information will be provided in the prospectus if not included elsewhere in the registration document such as for instance the issuer's financial statements;

b) Item 2.4 – Investments: Information on past investments under item 2.4.1 should be disclosed only to the extent not presented elsewhere in the prospectus and the requirement for the description of the geographic distribution under item 2.4.2 is removed;

c) Item 2.5 – Operating and Financial Review. ESMA has revised the content of this disclosure item to align with the content of the Management Report under the Accounting Directive to clarify that compliance with this requirement is not

[38] These ítems require a declaration by the persons responsible for the registration document, a disclosure regarding experts, a statement regarding third party information and a list of statements regarding approval of the registration document, the approving NCA, the legal regime under which the prospectus was drawn up.

[39] Please see ESMA's response under Question 9.

[40] This input was provided in response to Question 13. The disclosure item asks for a brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.

dissimilar or more onerous for issuers who do not include the Management Report in the EU Growth prospectus, maintaining, however, the requirement for the disclosure of the causes of material changes;

d) Item 4.1.2[41]. ESMA adjusted the disclosure required under point (a) of this item so that information on companies and partnerships is limited to a three-year period instead of five years;

e) Item 4.2 - Remuneration and benefits including item 4.2.2[42]: ESMA clarifies that in case this information is disclosed elsewhere in the registration document it does not need to be replicated under item 4.2;

f) Last paragraph of item 5.5.3 - The history of share capital: The disclosure requirement now extends only to a period of 12 months preceding the approval of the prospectus;

g) Item 6.6 - Dividend policy: ESMA clarifies that where the issuer does not have a dividend policy in place, then a negative statement should be included in the prospectus.

711. With regard to the input provided under point iii) of paragraph 701d ESMA clarifies that it is currently in the process of developing guidelines on risk factors aiming to provide guidance on this topic. Moreover, in response to the comments raised in paragraph 703 on item 6.5, which asks for disclosure on significant change in the issuer's financial position, ESMA clarifies that it will consider whether additional guidance would be necessary at Level 3.

712. In response to input by stakeholders under point vi) of paragraph 701d, ESMA observes that the accounting and reporting framework of financial statements does not fall within scope of its mandate.

713. In response to the suggestions set out in points a), b) and c) of paragraph 703, ESMA considers that the mandatory inclusion of the suggested items will increase the administrative costs of preparing an EU Growth prospectus with a low added value to investors. In addition, ESMA emphasises that the provisions of PR Article 6, which ask that a prospectus contains all the information that is material for an investor to make an informed investment decision apply equally to the EU Growth prospectus. Consequently, where necessary issuers would be required to disclose additional information to provide investors with material elements that should be considered before deciding to invest or not. As regards the inclusion of the proposed warning in the EU Growth prospectus

[41] This item requires disclosure of qualifications, relevant management expertise and experience of the issuer's key management that are mentioned in points b and c of item 4.1.1.

[42] The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.

under point d) of paragraph 703, ESMA does not believe that this would be necessary, given that a statement regarding the legal regime under which the EU Growth prospectus has been drawn up is prominently placed in the prospectus. As regards the proposals to require (a) an explanation of the material changes in the issuer's financial information and (b) the inclusion of summarised financial information in the prospectus on which the issuers would provide comments and explanations, ESMA clarifies that under Annex IV of the Prospectus Regulation, on which the technical advice should be based, the operating and financial review of the issuer is mandatory only for equity issuances by companies with market capitalisation above EUR 200 000 000. Therefore, ESMA points out that it is not within its mandate to extend this or a similar requirement to all issuers that are eligible the EU Growth regime.

714. In relation to the points raised under paragraph 704, ESMA remarks that it prefers to keep the wording of the headings and the disclosure items in line with the wording of similar items in the schedules of the full prospectus to avoid ambiguity on the actual disclosure required. Moreover, ESMA reiterates that the draft technical advice is based on Annexes IV and V of the Prospectus Regulation which provide the framework for the information items that are mandated in the proposed schedules.

715. Furthermore, as regards the input in relation to the use of technology in order to avoid including information in the prospectus, ESMA specifies that the framework for incorporation of information by reference is set out in Level 1 and that it is not within ESMA's mandate to extend the scope of the provisions in PR Article 19. ESMA expects that under the new provisions, the costs of prospectus production will be reduced as issuers will be in a position to incorporate information from a larger list of documents. ESMA, however, points out that this option should be balanced with the needs of investors and not be detrimental to the comprehensibility of the prospectus.

Question 12: Do you consider that the disclosure items in the EU Growth registration document are clear enough to be understood by issuers? If not, please provide your views on whether any of the items would require additional guidance to issuers.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	-	5	1	3	1	3

716. 16 respondents provided their views in relation to Question 12. Six of them noted that the disclosure items in the EU Growth registration document are sufficiently clear and

can be understood by issuers. Several respondents indicated that it would be helpful to provide guidance in relation to the following topics:

a) The new disclosure of financial and non-financial objectives requirement and in particular what test should be met to require their inclusion in the prospectus, for example where those objectives may not be formal or specific or where objectives may be commercially sensitive;

b) Risk factors and how they should be 'corroborated' with the rest of the prospectus. Furthermore, guidance would be required on how retail investors are adequately protected when more 'generic' risk factors are excluded if a loss suffered by an investor relates to one of those risks and that investor was not in fact aware of it (for example, risk factors which would be relevant to any, or most, shares traded on the relevant market and so are not specific to the issuer). It would also be important for those responsible for the prospectus to be aware of what their liability would be in such circumstances;

c) Liability as generally, guidance would be helpful to the extent practicable on the application of liability regimes to the disclosure requirements;

d) Information that qualifies as 'profit forecast'.

717. One respondent placed significant emphasis on the way information is presented as it may help to improve the clarity of the information provided to investors. It was pointed out that emphasis should be placed on the use of well-defined sections, outlined by coloured section headings, which are typically more engaging for readers than the body of text. Furthermore, it was proposed that the information should be presented in a tabular format as much as possible, as this is more comprehensible than information presented in paragraphs.

718. Another stakeholder mentioned that it would be beneficial to streamline the requirements for risk factors that are presented in prospectuses with those that are included in financial statements and managements reports. Finally, a stakeholder remarked that it would not be easy for an issuer to draft the registration document and suggested that ESMA should simplify the wording or give additional explanations and in general provide issuers with additional guidance.

ESMA's response

719. ESMA welcomes the comments provided in response to Question 12. As regards the points raised in relation to item 2.2.1, ESMA has slightly amended the wording of the requirement in order to better clarify that it refers to the issuer's strategic objectives in the broader sense of the term.

720. ESMA understands that the input provided by stakeholders under this question mostly relates to a potential need for further guidance at Level 3. As already mentioned in paragraph 711, ESMA is currently developing guidelines in relation to risk factors and

may also consider the additional points raised by stakeholders for the planning and prioritisation of its Level 3 work.

721. ESMA highlights that the issue of prospectus liability is a matter of national law. Moreover, while acknowledging that the presentation of information in a document may affect its readability ESMA observes that such decisions would fall outside scope of its technical advice.

Question 13: Please indicate if further reduction or simplification of the disclosure requirements of the EU Growth registration document could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	-	2	6	-	2	1	-

722. ESMA received input from 12 respondents in relation to Question 13. Several respondents provided suggestions as regards reduction or simplification of the disclosure requirements of the EU Growth prospectus. However, no specific input was provided as regards the cost impact of the suggested amendments. The following proposals were put forward:

a) As many SMEs do not routinely calculate KPIs, it would be preferable not to require their inclusion in the EU Growth prospectus and place emphasis instead on the financial statements of the issuer. Moreover, in case KPIs are mandatory information items, issuers should be given discretion to choose which ones are more appropriate for their company and industry.

b) While clarifying that it was not possible to quantify the cost alleviation to issuers, a stakeholder provided several suggestions for the simplification of the disclosure requirements of the EU Growth prospectus:

i) Standardisation of the text of the most common risk factors, such as liquidity risk, operational risk and legal risks.

ii) Standard format for an abbreviated financial statement, while having the annual account incorporated by reference. In case of a newly incorporated issuer a standard format for an opening balance sheet.

iii) Standard terms and conditions with respect to the relationship between the issuer and a security trustee (if any). The respondent suggests the inclusion of a separate information item on whether or not a security trustee or similar services provider is used[43]. As the stakeholder considered that the materiality assessment should not rest only with the issuers, ESMA was invited to develop certain (preferably objective) criteria as to what e.g. makes a contract "material". The criteria could be based on the expected impact on revenue, employees, intellectual property etc. or the very nature of the contract, e.g. a settlement agreement with an important competitor.

723. Some respondents referred to their responses to previous questions where they advocated the reduction of the minimum information requirements of the EU Growth prospectus, without however mentioning specific cost reduction to issuers. A stakeholder mentioned that the legal costs of producing a prospectus would be between EUR 50 000 and EUR 200 000 depending on the structure of the issue. Finally, two respondents noted that removing disclosure requirements would not produce material savings for issuers.

724. Lastly, one stakeholder pointed out that the quality of disclosure must be maintained in order to support investor confidence while it observes that reductions in disclosure do not necessarily lead to reductions in costs.

Input from the SMSG

725. The SMSG is generally of the view that further reduction or simplification of the disclosure requirements for the EU Growth prospectus is not necessary as any alleviation of costs of preparation for issuers is likely to be marginal while the information needs for investors is at a risk of not being fully met. However, the SMSG comments that ESMA should not mandate that issuers calculate KPIs as many small and mid-size companies do not routinely measure such. The SMSG considers that issuers should be free to disclose KPIs that are appropriate for their industry and business model. They clarify, however, that if the issuer deviates from a common definition this should be clearly indicated and explained.

ESMA's response

726. ESMA has considered the points raised in response to Question 13 and as mentioned in paragraph 711 reminds that it is already developing guidelines on risk factors. However, in response to the proposal for the use of standardised text that would cover specific types of risks, ESMA points out that this would run counter to Level 1 under which the risk factors should be specific to the issuer and the securities. In addition, as set out in Recital 54 of the Prospectus Regulation, a prospectus should not contain risk factors which are generic and only serve as disclaimers.

[43] This input is provided also in response to Question 1.

727. In relation to the suggestion for the development of a standard format for the inclusion in the prospectus of abbreviated financial statements, ESMA believes that this approach would add to the costs of preparing a prospectus as issuers would be required to prepare a set of abbreviated financial statements exclusively for the purposes of the prospectus. ESMA, therefore, sees this suggestion as running counter to the objective of the EU Growth regime which aims at reducing the administrative costs of raising capital for SMEs and midcaps and does not intend to include it in its technical advice. Moreover, with respect to the proposal that a separate disclosure item is required on the trustee of the securities, ESMA remarks that where material this information will be disclosed in the prospectus under item 5.1.11 which asks for disclosure on the representation of the debt security holders.

728. As regards the inclusion of KPIs in the EU Growth prospectus, ESMA has taken note of the points raised by stakeholders. It has therefore revised its technical advice to require that KPIs are disclosed in the prospectus where the issuer has published such or chooses to include them in the prospectus. ESMA, however, expects that the presentation of KPIs in the EU Growth prospectus will be in compliance with the APM Guidelines.[44]

729. Lastly, in response to the suggestion to provide additional guidance with respect to the materiality test and develop criteria on materiality of contracts, ESMA remarks that as the concept of materiality is set out in the Prospectus Regulation it would be beyond its mandate to interpret what materiality means as it may contradict Level 1. In addition, ESMA considers that under PR Article 6 the materiality assessment of the information that should be disclosed in the prospectus rests with the issuer.

[44] ESMA Guidelines on Alternative Performance Measures (ESMA/2015/1415en).

3.2.4. Content of the EU Growth securities note

730. This section summarises the feedback, which ESMA received in relation to Questions 14 to 19 of the Consultation Paper on the EU Growth prospectus[45] along with ESMA's response to this feedback.

Question 14: Do you think that the presentation of the disclosure items in para 97 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the information items.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	-	-	4	-	4	1	2

731. ESMA received 12 responses to Question 14. Five stakeholders considered that the presentation of the disclosure items in the securities note of the EU Growth prospectus is fit for purpose for SMEs, while seven respondents provided their views focusing rather on the content of the EU Growth securities note and not the presentation of items. A number of suggestions were made for the deletion or inclusion of some information items. More specifically, the following suggestions were made:

a) Requirement to include a working capital statement also in the case of issuers with market capitalisation below EUR 200 000 000 as it is often smaller companies who have working capital issues[46].

b) Removal of the requirement for a statement of capitalisation and indebtedness as such information is already contained in the balance sheet.

732. Furthermore, one stakeholder pointed out its support for the choice between the maximum price (as far as it is available) and valuation methods under disclosure item 4.4.3[47], (renumbered as item 4.4.2 of Annex 24) which should not be mandatory in order

[45] Consultation Paper on the content and format of the EU Growth prospectus (ESMA31-62-649).
[46] This point was also raised in response to Question 1.

[47] For equity securities: If the price is not known, indicate a) the maximum price as far as it is available, or b) the valuation methods and criteria, and/or conditions, in accordance with which the final offer price has been or will be determined and an explanation of any valuation methods used.

to provide alleviation to issuers and highlighted that in their view it is important to maintain this option.

733. Lastly, three stakeholders noted their preference for separate schedules for equity and non-equity issuances instead of a single securities note applicable to both equity and non-equity securities.

ESMA's response

734. ESMA has paid careful attention to the input provided in response to Question 14. While ESMA appreciates the points raised in favour of requiring a working capital statement regardless of market capitalisation, it reiterates that under section II of Annex V of the Prospectus Regulation, on which the technical advice should be based, this disclosure requirement is limited to mid-caps. Moreover, as regards the proposal to remove the requirement for a statement of capitalisation and indebtedness, ESMA reminds that this information is included in Annex V of the Prospectus Regulation, which sets out the basis for the technical advice. Therefore, in relation to both these points ESMA does not see room to shape its technical advice in any other way as it considers this to be a Level 1 matter.

735. ESMA welcomes the support for the information required under disclosure item 4.4.3 of the securities note and agrees that the option provided to issuers between the disclosure of the maximum price or where that is not available the valuation methods is fit for purpose for the EU Growth prospectus.

736. Finally, as regards the feedback on the single securities note for equity and non-equity securities ESMA provides its views in its response to Question 15.

Where neither (a) or (b) can be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities to be offered to the public has been filed.

Question 15: Do you agree with the proposal to introduce a single securities note that is applicable in the case of equity and non-equity issuances? If not please provide your reasoning and alternative approach.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	1	5	-	4	2	3

737. ESMA received 17 responses to Question 15. Seven respondents were in favour of a single securities note that would be applicable in the case of equity and non-equity securities as they considered it desirable to standardise and simplify, as much as possible, the issuance process.

738. More than half of respondents (10), however, were not in favour of the proposed single schedule as they considered it would be less clear to issuers and complicate the exercise of preparing a document relating to a single security. In this regard, a clear preference for a separate set of requirements for each type of issuer was indicated as it would allow for an easier drafting by the issuers and a potentially faster review by competent authorities.

Input from the SMSG

739. The SMSG considers that it would be preferable to mandate the requirements for equity and non-equity separately as this would allow issuers to look at one set of requirements for each type of issue rather than reviewing a composite set of requirements and eliminating those that are not applicable.

ESMA's response

ESMA has sympathy for the points raised by stakeholders as regards the proposal for a single securities note for equity and non-equity issuances. ESMA understands that the responses echo concerns that a single schedule for the securities note would adversely affect both the drafting process by issuers and scrutiny by competent authorities. After careful consideration of the arguments put forward, ESMA has decided to revise its technical advice and set out the disclosure requirements for each type of issuance in separate schedules. ESMA believes that this will make it less cumbersome for smaller issuers to prepare the securities note even without external advice. ESMA considers that the same reasoning applies to the registration document and will revise its technical advice accordingly.

Question 16: Do you consider that the disclosure items in the EU Growth securities note are clear enough to be understood by issuers? If not, please provide your views on whether any of the items would require additional guidance to issuers.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	1	5	-	3	1	3

740. 16 stakeholders provided their responses to Question 16. Overall, respondents (11) found the disclosure items in the EU Growth securities note clear enough for issuers to understand. However, some respondents provided input in relation to the content and format of the securities note while a couple of them highlighted that it may not be easy for issuers to prepare the securities note. More specifically, the following points were raised:

a) One respondent suggested that it would be helpful to include the definition of categories A, B and C in the technical advice on the content and format of the EU Growth prospectus.

b) One respondent pointed out that Section 4[48] of the securities note seemed too difficult for an issuer to complete without using professional advisors, while another considered that issuers would not be in a position to draw up the securities note without legal support and suggested to simplify the wording or to give additional explanations or to provide the issuers with an additional guidance.

c) One stakeholder indicated that formatting of the document is very important in terms of presenting the information to investors in a clear and succinct way.

d) Lastly, a respondent clarified that in practice it was not envisaged that issuers would review the schedules without professional advice, as a reasonable assumption would be that the document would be prepared together with professional advisers.

[48] Details of the offer.

ESMA's response

741. ESMA takes note that respondents were overall supportive of the proposed approach regarding the clarity of the disclosure items in the EU Growth securities note. However, ESMA understands the concerns raised by a small number of stakeholders regarding the ability of small issuers to prepare the securities note without professional advice. While ESMA clarifies that it will consider how best to address these points and provide additional guidance where necessary in the context of its Level 3 work, it has nevertheless revised its technical advice to set out a brief outline of the disclosure required at the beginning of each section. Lastly, as regards the definition of categories A, B and C ESMA points out that they would equally apply to base prospectuses drawn up by issuers eligible for the EU Growth prospectus regime and does not consider it necessary to repeat them in its technical advice on the format and content of the EU Growth prospectus.

Question 17: Do you consider that there are any other additions or deletions that would improve the utility of the EU Growth securities note? If yes, please specify and provide examples. In addition, please consider whether the categorisation of disclosure items for non-equity securities is fit for purpose. If not, please specify and provide your suggestions.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	-	5	-	4	3	-

742. There were 14 responses to this question, including a number of suggestions for additional disclosure.

743. Four respondents pointed to the alleviations that they had suggested in response to Question 11 (please see detailed summary of this question above) – this seems to reflect a desire to increase the use of incorporation by reference. More specifically, one respondent suggested the removal of specific sections or at the very least that flexibility be provided to the issuer as regards where to disclose specific information. The items

mentioned were Section 1[49], Section 3[50], Section 4[51] particularly items 4.1.4 to 4.1.11, item 4.5 (Placing and underwriting) and item 4.7 (Selling securities holders) as well as item 5.1.15[52]. Four respondents suggested the removal of item 5.1.12, i.e. the requirement for the disclosure of the resolutions under which securities are created[53].

744. Another respondent referred to responses made in relation to Question 14, particularly as regards the requirement for a statement of capitalisation and indebtedness. The respondent thought that the requirement for this statement was unnecessary, burdensome and costly for SMEs[54].

745. Two respondents referred to their answer to Question 5 for suggested additions or deletions; in particular, in relation to the requirement for a working capital statement, which they felt was an important disclosure item for all issuers regardless of company size. Another respondent suggested to require the inclusion of the Legal Entity Identifier (LEI) in the securities note as a link between the registration document and the securities note.[55] One respondent commented that additional flexibility for issuers could be achieved by the removal of pre-allotment disclosure for equity (item 4.2.3).

746. In addition, these two respondents also pointed out that disclosure items do not cover a description of potential assets securing debt instruments, although such debt instruments are a significant capital instrument for SMEs. The respondents proposed adding secured asset information to disclosure item 6 (Guarantor Information). Another respondent proposed the deletion of the general description of the programme and the terms and conditions of equity securities[56].

747. One respondent proposed an additional risk factor in item 3.1 regarding the risk of limited transferability / negotiability of the securities. Respondents from regulated markets or exchanges suggested the following three additions to the securities note requirements:

- A requirement to disclose all subscription commitments should be added to the securities note under section 4.2.2. The respondent did not believe the 5% threshold currently included in the drafting is particularly relevant. For instance, under the current proposal, 10 persons could subscribe for 4.5% of the offer each,

[49] Purpose, persons responsible, third party information, experts' reports and competent authority approval.

[50] Risk factors.

[51] Details of the offer / admission.

[52] Where the investment entails a specific tax regime a summarised description of such regime. In all other cases, a warning that that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities.

[53] The proposal to remove this item was provided in response to Question 11.

[54] A similar point was made in response to Question 1 where the respondent advocated the removal of the statement of capitalisation and indebtedness.

[55] This input was provided in response to Question 5.

[56] This input was provided in response to Question 1.

subscribing collectively for nearly half of the offer, however the information would not be disclosed to investors.

- The estimate of the total expenses related to the issue / offer could be enhanced by requiring the disclosure of expenses in a more granular way. The respondent suggested that fees could be broken down into categories covering legal, communications, accounting, structuring and placement, as well as regulatory and exchange fees. This would not create additional burdens for issuers as all these fees would anyway need to be identified and added up to produce the aggregate estimate figure initially requested. The respondent believed that presenting fees in a more granular fashion would encourage transparency and foster a better understanding of the repartition of IPO fees across all market participants involved. It would also give prospective listed companies a much better point of comparison to assess the multiple budget strands of an IPO, which would vary considerably depending on the type of company, especially with respect to the communications budget.

- As a working capital statement is only required for midcaps on SME Growth Markets, the respondent regretted that a statement of capitalisation and indebtedness under section 2.2 would no longer be required in the securities note for smaller companies. The respondent was of the view that the statement of capitalisation and indebtedness as of 90 days prior to the date of the prospectus would provide important information to investors, even more so for smaller companies. The respondent therefore recommended extending to all companies the requirement to include disclosure on capitalisation and indebtedness in the securities note. One exchange suggested that ESMA should consider maintaining the requirement in its rules regardless of the size of the company as it believed this information should be included in the securities note.

748. Lastly, while one respondent proposed the removal of the working capital statement for non-equity issuers[57], other respondents suggested that the securities note of the EU Growth prospectus should include information on whether or not a security trustee or similar service provider is used as well as specific reference to any other form of collateral, security interest or credit support in relation to the guarantor[58].

ESMA's response

749. ESMA appreciates the different points raised in response to Question 17 and the feedback provided for the removal or addition of specific disclosure items. ESMA clarifies that comments made in relation to Questions 5, 11 and 14 have already been addressed in its response to the relevant questions.

[57] This input was provided in response to Question 1.

[58] This input was provided in response to Question 1.

750. In particular, as regards the requirement for a working capital statement and a statement of capitalisation and indebtedness, ESMA remarks that extending this disclosure obligation to all issuers eligible for the EU Growth prospectus regardless of company size falls outside the scope of its technical advice. With respect to the comments raised by certain respondents, ESMA observes that as set out in Annex V of the Prospectus Regulation, on which the technical advice should be based, the co-legislators' intention was that this information item would be provided only by mid-caps in order to avoid overburdening smaller issuers. Therefore, while it appreciates the arguments put forward, ESMA considers that this is a Level 1 matter.

751. ESMA takes note of the proposals for additional or enhanced disclosure in a number of items notably disclosure on: (a) a generic risk factor regarding the transferability of the securities under item 3.1; (b) all subscription commitments under item 4.2.2 i.e. even below the proposed threshold of 5%; (c) total expenses broken down into categories and presented in a granular way under item 4.6.6; (d) a security trustee or similar service provider; and (e) any other form of collateral, security interest or credit support as well secured asset information in relation to the guarantor. Considering the feedback received and the relevance of the proposed disclosure requirements to issuers eligible for the EU Growth prospectus, ESMA remarks that the arguments provided by stakeholders in support of the additional or enhanced disclosure are not specific to SMEs and apply equally to all issuers. Furthermore, ESMA strongly believes that the information requirements of the EU Growth prospectus securities note should not be more onerous compared to the information content of the securities note of the full prospectus and therefore does not see strong arguments to amend its technical advice to take on board the proposed amendments.

752. ESMA notes that some respondents proposed the removal of item 5.1.12 under which issuers are asked to disclose a statement of the resolutions by virtue of which the securities are created. ESMA is aware that under national company law this information may not be included in the updated memorandum and articles of association of the issuer that will be available to investors as required under Section 7 of the registration document. ESMA considers that while disclosure of this information is not burdensome for issuers, it is nevertheless beneficial for investors as it clarifies the legal basis for the creation of the securities that are offered. On this basis, ESMA intends to maintain the disclosure required under item 5.1.12 of the EU Growth securities note.

753. As regards the proposed deletion of item 4.2.3 on pre-allotment disclosure, ESMA considers that the information requirement is neither burdensome for the issuer, nor it imposes unnecessary costs as a detailed plan for the allotment of the securities is a key element to the offer. ESMA also reminds the reader that Annex V of the Prospectus Regulation, on which the technical advice should be based, includes specific disclosure in relation to the plan for distribution of the securities. In ESMA's view this item is of particular significance to retail investors as it provides valuable information to be considered when deciding whether to invest or not and therefore ESMA intends to retain this item in the securities note of the EU Growth prospectus.

754. ESMA has considered the feedback suggesting the deletion or incorporation by reference of specific sections and disclosure items and the removal of the general description of the programme and the terms and conditions of equity securities as set out in paragraph 746. In response to this input, ESMA points out that its technical advice is based on Annex V of the Prospectus Regulation, which contains specific disclosure in relation to the persons responsible for the prospectus, risk factors, the terms and conditions of the securities and the details of the offer. Moreover, ESMA notes that the inclusion of information by reference in the EU Growth prospectus is allowed pursuant to Article 19 of the Prospectus Regulation and is therefore a matter that falls outside the remit of ESMA's technical advice.

755. While ESMA appreciates the arguments for the inclusion of the LEI in the securities note, it also points out that this is not mandatory information for the securities note in the full regime. ESMA will therefore refrain from requiring its inclusion in the securities note of the EU Growth prospectus as it would impose on SMEs a disclosure obligation that issuers eligible for the full regime would not have.

756. ESMA considers that it is important to provide investors with an overview of the base prospectus, in particular as regards the different types of securities and will therefore maintain the requirement of the general description of the programme. In addition, ESMA understands that the information provided under the terms and conditions of the securities is beneficial to investors as it sets out the detailed characteristics of the securities on offer, which should be weighed when assessing the investment decision.

757. Lastly, in relation to the suggestion for additional disclosure on potential assets securing debt instruments ESMA understands that the stakeholder refers to secured debt and clarifies that similarly to the full regime issuers may include in the prospectus information on security or collateral as additional information. Therefore, ESMA considers it is unnecessary to amend its technical advice.

Question 18: Please provide an estimate of the benefit in terms of reduced costs that the production of a single securities note implies.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
-	-	-	6	-	1	-	1

758. ESMA received eight responses to this question. Overall, respondents did not believe that there would be a reduction in costs due to a single securities note, although one

respondent pointed out that as most of the disclosure is based on the information required by the Commission Regulation, it is familiar to issuers. Another respondent commented on the difficulties in dealing with equity and non-equity securities within the same disclosure schedules and did not see that there would be a reduction in costs from amalgamating two sets of requirements.

ESMA's response

759. ESMA appreciates the views expressed by respondents. ESMA also notes that although stakeholders in general were not supportive of a single securities note for equity and non-equity securities, they did not provide input as regards the cost implications of the suggested technical advice. However, as mentioned in ESMA's feedback to responses in relation to Question 15, ESMA takes note of the arguments provided in favour of a separate securities note and has decided to amend its technical advice accordingly.

Question 19: Please indicate if further reduction or simplification of the disclosure requirements of the securities note of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	1	1	-	1	-	-

760. ESMA received five responses to this question.

761. Three respondents stated that they did not consider any further reduction or simplification of the disclosure requirements for the securities note necessary or beneficial in terms of significantly reducing preparation costs of the prospectus. One respondent commented that reducing the cost burden of producing a prospectus should not be the sole concern. The prospectus should contain sufficient reliable information to make it attractive for investors to invest in the issuer. Lastly, a few stakeholders referred to their responses to Questions 16 and 17.

Input from the SMSG

762. The SMSG is of the view that any further reduction or simplification of the disclosure requirements of the securities note for the EU Growth prospectus is not necessary or beneficial to SME issuers.

ESMA's response

763. ESMA takes note that respondents did not provide precise input in response to Question 19. Additionally, ESMA has already addressed the specific suggestions provided in response to previous questions.

3.2.5. Content of the EU Growth summary

764. This section summarises the feedback which ESMA received in relation to Questions 20 to 28 of the Consultation Paper on the EU Growth prospectus[59] and presents ESMA's response to that feedback.

Question 20: Do you think that the presentation of the disclosure items in para 112 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the information items.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	1	5	1	3	2	2

765. There were 16 responses to this question. Seven respondents agreed that the disclosure items set out in paragraph 112 were fit for purpose for SMEs. However, one of the respondents who agreed in principle asked that disclosure under Section 1.6 on warnings be standardised. They also commented that KPIs in Section 2.2 are less useful than a summarised cash flow statement, which was not required disclosure in ESMA's draft technical advice. They also suggested that Section 3.4 on the risk factors on the securities is too generic and that associated risks can probably be assessed by reading sections 3.1 to 3.3 which provide the key information on the securities.

766. Eight respondents disagreed. The respondents who disagreed on the whole felt that the disclosure requirements were too detailed and provided several suggestions to alleviate the disclosure requirements, which are set out in the paragraphs that follow. One considered that the disclosure requirements are too detailed and referred to its response to Question 1, while another suggested that information on potential secured assets should be included in the summary. A stakeholder objected to the requirement to provide

[59] Consultation Paper on the content and format of the EU Growth prospectus (ESMA31-62-649).

only material risk factors in the summary as they consider that only disclosing certain of the risks could be misleading to investors

767. One respondent queried whether a summary was actually necessary given the reduced disclosure requirements of the EU Growth prospectus and another commented that the warnings in item 1.6 should be taken out of the summary and form a separate part of the prospectus as the summary summarises information elsewhere in the prospectus and the warnings are not included elsewhere.

768. Of the respondents who disagreed, several made the following comments:

a) The proposed summary does not achieve the purpose of having a shorter summary that is specific for smaller issuers. A reduction from 7 pages to 6 seems an arbitrary approach and unhelpful, likewise with the reduction in the number of risk factors.

b) With respect to warnings one of the respondents suggested that section 4 which provides key information on the offer of the securities should follow the warnings so that the summary explains, in the first few paragraphs, how the summary should be treated in the context of the prospectus itself and the reasons and rationale for the offer. Another stakeholder considered that there should be warnings at the start of the summary, in particular putting it into context by stating it should be read as an introduction to, and not a substitute for, the prospectus itself.

c) Other respondents underlined that the summary repeats information in the prospectus. They suggested that it would be better if the summary was used to explain where information could be found and that investors should be aware of the risks and review the financials. Another respondent considered that the summary would be more useful to retail investors if it were made into a 'readers' guide' to the prospectus simply giving an overview of the issuer and the offer, without the need for a repetition of risk factors and financial information.

d) A market participant remarked that the summary would raise liability issues for those responsible for the prospectus, as they would have to try to include all the information whilst ensuring that it is comprehensible and not misleading. Another respondent questioned the wisdom of allowing the substitution of summary content with information provided in the Key Information Document. They consider that allowing it to be a freestanding document may give rise to investor protection concerns. A retail investor should not be encouraged to focus and rely solely on the summary.

ESMA's response

769. ESMA welcomes the feedback from stakeholders to Question 20. ESMA takes note that the input mainly refers to the content of the summary and to general concerns in relation to its length and the purpose of requiring a summary in the EU Growth prospectus.

770. In response to stakeholders who questioned the need for a summary, ESMA notes that under PR Article 15(2) there is an explicit requirement for a specific summary in the EU Growth prospectus. As regards the point that repeating information in the summary already disclosed in the prospectus is costly, ESMA notes that, under the aforementioned PR provisions the summary of the EU Growth prospectus should only require information that is included in the prospectus, whereas the requirements under PR Article 7 should be calibrated to ensure that it is shorter than the summary of the full prospectus.

771. In accordance with PR Article 15(1), the summary of the EU Growth prospectus should be based on PR Article 7 which sets out the requirements for the summary of the full prospectus. To address the views that the summary should give details on where information may be found in the EU Growth prospectus, ESMA points out that under PR Article 7(11) the summary should not contain cross-references to other parts of the prospectus. Furthermore, as under paragraphs 1 and 2 of PR Article 7 the summary should be read together with other parts of the prospectus ESMA does not agree with the concerns raised that investors are encouraged to read only certain parts of the prospectus and not the document in its entirety. These points also run counter to the fact that there are specific warnings in the introduction to the summary, which highlight to investors that they should consider the prospectus as a whole before making an investment decision.

772. As regards the comments on warnings, ESMA observes that the technical advice already contains standardised text for the warnings that should be included in the summary of the EU Growth prospectus. In response to a stakeholder who asks that the warnings are set out at the beginning of the summary, ESMA points out that this point is addressed in its technical advice as the warnings should be included in the introduction of the summary. In relation to the proposal to move the section on warnings from the summary and include it elsewhere in the prospectus, ESMA highlights that the warnings in section 1.6 are specific to the summary and believes that their placing is appropriate and in the interest of investor protection. ESMA further mentions that under PR Article 7, the introduction of the summary of the full prospectus includes an identical section with warnings.

773. On the issue of liability, ESMA clarifies that one of the warnings in section 1.6 clearly sets the limits of civil liability that attaches to issuers in relation to the information included in the summary. ESMA further takes note of the suggestion to move section 4[60] directly after section 1. ESMA agrees that this amendment would be beneficial for smaller investors who are more likely to be interested to invest in SMEs, as at the beginning of the document they will be provided with information on the offer and how

[60] Key information on the offer of securities to the public.

the summary should be used. ESMA has therefore revised its technical advice accordingly.

774. As regards the suggestion set out in paragraph 765 to replace the KPIs in the summary with a summarised cash flow statement, ESMA, without underestimating the importance of cash flow information for investors, reiterates that such information may not be mandatory under national accounting standards. Therefore, ESMA prefers to refrain from imposing on issuers a requirement to prepare a cash flow statement where none exists under national applicable rules.

775. While ESMA understands the concerns set out in paragraph 768, point c) for a summary that is user friendly to retail investors, it does not agree with the suggestions to leave out of the summary risk factors and financial information nor with the proposal in paragraph 765 to remove section 3.4 that sets out the risk factors on the securities. In ESMA's view, this information is directly mandated under Level 1[61] as pursuant to Recital 29 and Article 7(1) of the Prospectus Regulation the summary must provide […] key information that investors need to understand the nature and the risks of the issuer, the guarantor and the securities that are being offered or admitted to trading. Although the summary contains a warning explicitly inviting investors to consider the full content of the prospectus before making a decision to invest, ESMA strongly believes that the key financial information of the issuer as well as the most material risks should be disclosed in the summary to give investors a preliminary overview of the company and the securities that are being offered.

776. In relation to the criticism set out in paragraph 766 that as all risk factors are material to disclose only a selection of them in the summary would mislead investors, ESMA believes that the issuer should be in a position to identify the most material risks which are specific to the issuer, the securities and, where applicable, the guarantor in order to include them in the summary. ESMA reiterates that the summary is an introduction to the prospectus. Therefore, in ESMA's view the disclosure of a limited number of risk factors in the summary would not be misleading given that the summary contains a warning that investors should read the prospectus before deciding to invest in the securities.

777. Whereas ESMA understands the proposal to require information on potential secured assets in the summary, it is also mindful of the constraints imposed on the limit of the summary as well as that no such requirement is in place for the summary of the full prospectus. Therefore, ESMA would prefer to not mandate in the summary of the EU Growth prospectus specific disclosure on potential secured assets, although it acknowledges that this information would be presented in the summary where specifically connected to the securities being issued.

[61] Please see paragraph 1 of PR Article 7.

778. In relation to the input in paragraph 766 that the proposed disclosure in the summary is too detailed, ESMA reiterates its response to Question 1 regarding a similar comment by the same stakeholder. ESMA points out that the proposed form with issuer data would not fulfil ESMA's mandate under which the minimum information content of the Registration Document, the Securities Note and the summary of the EU Growth prospectus should be based on Annexes IV and V of the Prospectus Regulation.

779. With respect to the concerns raised by issuer associations in relation to the substitution of section 3 of the EU Growth summary, which provides key information on the securities, ESMA reminds that the co-legislators decided to provide this possibility as set out in paragraphs 7 and 12 of Article 7 of the Prospectus Regulation. ESMA is also mindful that the summary of the EU Growth prospectus includes warnings underlining to investors firstly that the summary should be read as an introduction to the prospectus and secondly that an investment decision should be based on a consideration of the EU Growth prospectus as a whole.

780. Lastly, ESMA notes that the considerations raised in relation to the page limit of the summary and the maximum number of risk factors that may be included in the summary are addressed in ESMA's response to the questions that follow.

Question 21: Given the reduced content of the summary of the EU Growth prospectus do you agree with the proposal to limit its length to a maximum of six A4 pages? If not please specify and provide your suggestions.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	2	6	-	5	4	3

781. There were 22 responses to this question. The majority of respondents (12) disagreed with the proposed page limit on the length of the summary. 10 respondents agreed with the proposal that the summary of the EU Growth prospectus should be limited to six sides of A4-sized paper. Two respondents asked ESMA to limit the summary to five pages by condensing the information which is already in the registration document and securities note. One respondent asked for flexibility to create a longer summary if justified.

782. One respondent queried whether a reduction in length was in fact an improvement for issuer or investors. Three issuer associations pointed to their responses to Question 20 and expressed the view that ESMA's proposal did not meet the Commission's mandate

to create a shorter summary that is specific for smaller issuers. They are of the view that the summary should be a readers' guide to the prospectus.

783. Four of the respondents, who disagreed with the proposal, felt that the summary should not be reduced beyond that set out in Article 7(3) of Regulation 2017/1192 on the basis that there is no guarantee that an SME will have fewer or less complex risks that a larger company.

784. Lastly, one respondent felt that the proposals are too prescriptive and could lead to increased legal costs for issuers.

Input from the SMSG

785. The SMSG does not agree with the proposed reduction of the number of risk factors to 10 and the limit of six sides of A4-sized paper and considers this approach could possibly lead to a cut off of important information. The SMSG suggests aligning this requirement with the approach suggested for the full prospectus. Furthermore, the SMSG considers that a PRIIPs KID cannot sufficiently substitute a summary. While it seems helpful to reduce the information volume by integrating the KID, this approach leads to significant difficulties because as the summary remains static, the KID is being updated on a regular basis which leads issuers to increasingly abstain from integrating the KID into the summary.

ESMA's response

786. ESMA takes note that although the majority of respondents did not support the proposal for a specific page limit of the summary of the EU Growth prospectus, a considerable number of stakeholders (10) were supportive of ESMA's approach for a shorter summary. Furthermore, ESMA points out that the points raised in relation to the page limit of the summary were of a more generic nature relevant for issuers and not necessarily specific for SMEs.

787. ESMA acknowledges the concerns raised on the length limit of the summary. However, under sub-paragraph 2 of Article 15 of the Prospectus Regulation there is an explicit requirement that the disclosure requirements for the summary of the EU Growth prospectus be calibrated in such a way that it results in a summary that is shorter than the summary of the full prospectus. Given that pursuant to PR Article 7 the co-legislators chose to set a specific page limit on the summary that should be disclosed in the summary, ESMA considers that it should not adopt a different approach to define the length of the summary of the EU Growth prospectus as this would not be comparable to the approach in Level 1.

788. Although cognisant of the considerations raised by market participants, ESMA believes that in order to comply with its mandate it should set a specific page limit to the summary of the EU Growth prospectus, which, furthermore, should be shorter than the page limit for the summary pursuant to PR Article 7. ESMA appreciates the different points raised and notes that among stakeholders who disagree with the proposal there is not a uniform

view on the approach to be adopted. In the absence of compelling arguments, ESMA does not see room to amend its technical advice, with respect of the page limit. However, ESMA introduces two new elements in its technical advice in order to facilitate issuers to comply with the specific length of the summary. In this regard, ESMA has merged two of the warnings under section 1.6 and introduces the possibility to present some of the information in the summary in tabular format.

789. Lastly, as regards the comments on the use of the PRIIPs KID for the substitution of section 3 of the summary (Key information on the securities), ESMA clarifies that a similar requirement is set out in Level 1 for the summary of the full prospectus. As the summary of the EU Growth prospectus should be based on PR Article 7, ESMA does not see room to not provide SMEs eligible for the EU Growth prospectus with the same discretion that is provided to issuers using the full prospectus. With respect to the concerns that the content of the PRIIPs KID is subject to change while the summary remains static, ESMA reminds that the provisions of PR Article 23 under which the publication of a supplement is required in the event of significant new information equally apply to the EU Growth prospectus.

Question 22: Do you agree that the number of risk factors could be reduced to ten instead of 15? Do you think that in some cases it would be beneficial to allow the disclosure of 15 risk factors? If yes, please elaborate and provide examples. Please also provide a broad estimate of any benefits (e.g. in terms of reduced compliance costs) associated with the disclosure of a lower number of risk factors.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	2	2	7	2	5	4	3

790. There were 27 responses to this question. 20 respondents disagreed with the proposal. A number of respondents considered that imposing a restriction to ten risk factors could put undue restraint in certain cases and that such mandatory reduction would not be beneficial to investors. Some respondents pointed out that there may be more risks in investing in an SME than in a large company and so limiting the risk factors in the summary seems inappropriate. Others considered that requiring SMEs to disclose a limited number of risks was more time consuming than just to name them and would therefore add to costs.

791. One respondent considered that the number of risks corresponds to the size of the business. They commented that risks are industry specific and more likely to materialise

in a small business than a larger one. Other respondents considered that there should be no limit on the number of risks as long as they are material to the issuer and its securities.

792. One respondent considered that the summary should contain only 3-5 of the most important and material risk factors. They considered that 10 risk factors were too many.

Input from the SMSG

793. The SMSG supports the proposed reduction in the number of risk factors. However, it suggests that issuers be given flexibility to disclose up to 15 risk factors to allow them to present in the summary the most material risk factors.

ESMA's response

794. ESMA takes note that stakeholders voice concern in relation to the reduction of the maximum number of risk factors that may be presented in the summary of the EU Growth prospectus. ESMA appreciates the different points raised in response to Question 22. In particular, ESMA notes that stakeholders consider that the reduction in the number of risk factors would be unnecessarily burdensome and costly to investors.

795. Furthermore, ESMA is mindful of the considerations that as a smaller company may not necessarily face a reduced number of risks compared to a larger one, it may be inappropriate and to the detriment of investor protection to impose an upper limit on the number of risk factors. However, ESMA points out that pursuant to PR Article 15(1) the specific summary of the EU Growth should be based on PR Article 7. ESMA, therefore, considers that it is not within its mandate to deviate from the general approach decided by the co-legislators in Level 1 and should mandate the maximum number of risk factors that may be included in the summary of the EU Growth prospectus. Considering the feedback received and the specificities of the issues raised, ESMA intends to amend its technical advice and adjust the maximum number of risk factors in the summary to 15. However, ESMA reminds that this constitutes an upper limit that should be applied within the context of the revised risk factors regime, which under Article 16 of the Prospectus Regulation requires the disclosure of risk factors that are material and specific to the issuer and/or the securities and, where applicable, the guarantor.

Question 23: Do you agree that SMEs are less likely to have their securities underwritten? If not, should there be specific disclosure on underwriting in the summary as set out in Article 7(8)(c)(ii) of the Prospectus Regulation?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	6	1	4	2	2

796. ESMA received 20 responses to this question. 12 respondents agreed that SMEs are less likely to have their securities underwritten. However, five respondents commented that if an issue was underwritten this should be considered key information and be included in the summary. One respondent pointed out that SMEs are less likely to have their issues fully underwritten but that many have their credit risk underwritten. Two respondents did not agree that SMEs are less likely to use underwriting. However, one did not see any need for disclosure of underwriting in the summary whereas the other considered that there should be disclosure of any underwriting agreement in the summary.

797. Two respondents said that whether an issue was underwritten or not depended on a case by case basis, however, one of the respondents did not consider that specific disclosure should be required. Another respondent pointed out the different practices between debt issuance and an IPO. A last respondent considered that commitments by existing shareholders to undertake part of the securities on offer should be included in the summary but that it should not be mandatory for new investors and left at the discretion of the issuer.

Input from the SMSG

798. The SMSG generally agrees that normally specific disclosure on underwriting in the summary should not be mandatory. However where an underwriting arrangement is in place, it supports including relevant information in the summary along the lines of Article 7(8)(c)(ii) of the Prospectus Regulation.

ESMA's response

799. ESMA appreciates the points raised in response to Question 23 and remarks that in general, respondents consider that it is less likely for SMEs to be in a situation where their securities will be underwritten. In addition, some respondents are supportive of not mandating disclosure of this information in the summary, while others suggest that this information should be provided where such arrangements exist. On the basis of the

comments provided, ESMA understands that while not all SMEs will have their securities underwritten, this information would be helpful for investors and should therefore be provided in the summary. ESMA therefore has revised its technical advice to add a specific disclosure requirement in section 2.2 of the summary. ESMA believes that the addition of this item would not impose additional costs on issuers as this disclosure will be only provided by those issuers that have an underwriting agreement in place.

Question 24: Do you agree with the content of the key financial information that is set out in the summary of the EU Growth prospectus? If not, please elaborate and provide examples.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	1	2	6	2	5	1	3

800. There were 22 responses to this question. Eight respondents agreed with the content of the key financial information in the summary. However, two respondents considered that the key financial information should also include cash flow information as this is considered important for investors to gauge the financial health of the issuer. Another respondent stated that ESMA should bear in mind that there should be flexibility to include different measures according to issuers' differing activities and that the measures should be capable of being adapted to local accounting standards.

801. 14 respondents disagreed with the content of the key financial information in the summary. One respondent thought that the content of the key financial information in the summary was far too detailed, while another referred to the suggestions for a different approach made in response to Question 20. Five respondents commented that ESMA should not prescribe the line items to be included as different industries utilise different measures.

802. A number of respondents commented on the use of KPIs. One commented that the KPIs in the summary should only be those used in the prospectus. Another stated that the KPIs should be presented in a separate section from the key financial information. A number of respondents commented that KPIs should not be mandated but should be optional. One respondent stated that the inclusion of KPIs did not provide any added value as they could not be used for comparative purposes if not standardised.

Input from the SMSG

803. The SMSG considers that ESMA should not be prescriptive on the line items that will be included in the key financial information (KFI). In the SMSG's view, issuers might feel compelled to disclose only the particular line items that are required under ESMA's technical advice, without presenting other figures that might be more appropriate for their particular industry.

ESMA's response

804. ESMA welcomes the input received to Question 24. ESMA takes note of the considerations raised with regards to the content of the KFI in the summary. In particular, it understands the need for flexibility advocated by stakeholders representing issuers and one investor association. ESMA agrees that a less prescriptive approach would allow issuers to adapt the KFI to different industries and different accounting standards and expects that it will reduce the administrative burden for providing this information without having a negative impact on investor protection. To address this topic, ESMA has therefore adjusted its technical advice to incorporate a more flexible approach in this matter. Under its revised technical advice, ESMA does not mandate specific line items or KPIs that should be disclosed in the summary. However, it requires that the financial measures that are presented in this section of the summary provide information to investors in relation to the issuer's revenue, profitability, assets, capital structure and (where applicable) cash flows.

805. On a related point, ESMA clarifies that as regards the mandatory inclusion of a maximum number of KPIs in the summary the intention was to allow issuers to present KPIs that would be meaningful for their company within the context of the maximum page limit of the summary. As mentioned in ESMA's response to Question 13, ESMA has taken into account the points raised by stakeholders and revised its technical advice accordingly. In this regard, the requirement to present KPIs in the summary would only apply if such are included in the EU Growth prospectus.

806. As regards input by two respondents who query the non-inclusion of information from the cash flow statement in the summary, ESMA reiterates its response to similar comments on Questions 5 and 20 where ESMA explains that under national accounting standards not all issuers are under an obligation to draw up a cash flow statement. Whereas ESMA prefers to avoid imposing an obligation where none exists, it also clarifies that it would nevertheless expect inclusion of cash flow information in the prospectus where such information is material for the assessment of the investment decision. Therefore, ESMA has revised its technical advice to clarify that where cash flow information is included in the prospectus, the key financial measures on cash flows should be provided in the summary.

807. Lastly, in relation to input from stakeholders who referred to their feedback in previous questions ESMA mentions that these comments have been already addressed in its response to the relevant questions.

Question 25: Do you think condensed pro forma financial information should be disclosed in the summary of the EU Growth prospectus? Please state your views and explain. In addition, please provide an estimate of the additional costs associated with the disclosure of pro forma financial information in the summary compared to the additional benefit for investors from such disclosure.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	2	6	1	6	2	3

808. There were 22 responses to this question. 12 respondents, of which 5 represent issuers and one represents investors, did not agree with the proposal. The remaining respondents agreed to include pro forma financial information in the summary while one commented that the pro forma information should include the same items as the key financial information.

809. One stakeholder pointed out that currently, pro forma information is only required in the summary under Annex I and II, so inclusion of pro forma information in the summary of the EU Growth prospectus would create an additional burden for SMEs. Other respondents commented that requiring both pro forma financial information and key financial information in the summary could be confusing or even misleading for investors. Some of the respondents considered that it would be sufficient to include a reference in the summary that pro forma information can be found in the prospectus.

810. One market participant commented that pro forma financial information should only be a requirement for an equity registration document and in those cases pro forma information can be included in the summary in condensed form, while another commented that pro forma financial information is not required in Level 1 and so should not be required.

811. Two respondents remarked that pro forma information should not be presented in condensed form and that pro forma financial information should only be disclosed in its entirety. They also pointed out that including pro forma financial information in the summary would only add to its length.

812. Lastly, three respondents commented that although the production of pro forma information for the prospectus is costly, the inclusion of the pro forma information in the summary should not create any additional costs.

Input from the SMSG

813. The SMSG considers that it is sufficient to include a reference that pro forma financial information can be found in the prospectus. In this regard, issuers will not incur additional costs and will be able to comply with the specific page limit of the summary.

ESMA's response

814. ESMA appreciates the different points raised in relation to the inclusion of pro forma financial information in the summary. In response to the concerns voiced by some respondents who were apprehensive that the requirement for condensed pro forma financial information may be extended to non-equity issuances, ESMA clarifies that the requirement to disclose pro forma financial information in the summary would apply only when such information is disclosed in the prospectus in line with Annex 22 of the technical advice.

815. ESMA understands that respondents were concerned about two issues, the first being that the disclosure of pro forma financial information in a summary of a limited length would be particularly onerous for issuers who would bear costs when trying to summarise it. The second matter refers to the comprehensibility of condensed pro forma information. Given the complexity of pro forma financial information stakeholders point out that it should be considered in its entirety i.e. the relevant figures along with the assumptions on which they were based, while four respondents propose that the summary should provide a reference to the prospectus where pro forma financial information may be found.

816. ESMA notes that even though investors will seek detailed pro forma information in the relevant section of the prospectus, the summary is an introduction to the prospectus and as such should highlight some key elements necessary for investors to form a preliminary understanding of the company and the issuance. In this regard, ESMA believes it would be to the detriment of investor protection not to mandate the presentation of such information in the summary, where the issuer is required to draw up pro forma financial information. As regards the suggestion to include a reference in the summary to the relevant section of the prospectus, ESMA reminds that under Article 7(11) of the Prospectus Regulation on which the summary of the EU Growth prospectus should be based, the summary should not contain cross-references to other parts of the prospectus or incorporate information by reference.

817. Furthermore, ESMA acknowledges that Annex IV of the Prospectus Regulation does not include disclosure on pro forma information. However, in ESMA's view this information is of particular relevance to investors and therefore it considers it preferable to maintain this disclosure requirement for the summary of the EU Growth prospectus, where this is presented in the prospectus.

Question 26: Do you consider that there are any other additions or deletions that would improve the utility of the EU Growth summary[62]? If yes, please specify and provide examples.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
-	1	-	2	-	3	1	1

818. There were eight responses to this question. On the whole, the responses echoed earlier comments made in relation to alleviations and changes in questions 11 and 20.

819. Four of the respondents suggested that there should be either further alleviations or additions. Of those, two respondents referred to the input they provided to their responses to Questions 11, 17 and 20. One respondent suggested that the name of the applicable NCA is mentioned in item 1.4 as well as whether or not the prospectus benefits from an EU passport.

820. Lastly, three respondents did not consider that there were any additions or deletions that would improve the utility of the summary.

ESMA's response

821. ESMA takes note of the responses to Question 26 and points out that input provided to Questions 1, 11, 13, 17 and 20 has already been addressed in ESMA's responses to the relevant questions. As regards the proposal to include the name of the authority approving the prospectus under item 1.4, ESMA clarifies that this is already mentioned under item 1.3 of the summary. Lastly, in response to the suggestion to provide information in the summary on the passporting of the prospectus, ESMA prefers not to mandate its inclusion in the summary as at the time of the prospectus approval this information may not have been finalised. ESMA notes that the issuer however may disclose it on a voluntary basis.

[62] In the Consultation Paper, ESMA made inadvertently reference to the registration document instead of the summary in Question 26. The summarised responses include only the input that was provided in relation to the content of the summary.

Question 27: Do you consider that the disclosure items in the specific summary of the EU Growth prospectus are clear enough to be understood by issuers? If not, please provide your views on whether any of the items would require additional guidance to issuers.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	1	0	6	1	2	1	2

822. There were 14 responses to this question. Overall, respondents agreed that the disclosure items in the specific summary are clear enough to be understood by issuers although some favoured a different approach to the disclosure and one commented that they assume that the documents will be prepared with professional advisors so, in that respect, the requirements are clear.

ESMA's response

823. ESMA welcomes the broad support in relation to the comprehensibility of the disclosure items in the summary of the EU Growth prospectus. Concurrently, ESMA is also mindful of the specific points raised by stakeholders in relation to the minimum content of the summary and addresses them in its response to the input received in the relevant questions.

Question 28: Please indicate if further reduction or simplification of the disclosure requirements of the summary of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
-	-	2	4	-	1	1	1

824. There were nine responses to this question, the majority of which considered that further reductions or amendments would reduce the cost of the drawing up a prospectus and refer to input provided to previous questions.

825. Four respondents proposed that ESMA should cut down the disclosure requirements in the summary rather than just limiting the page length and the number of risk factors.

826. These respondents suggested that risk factors and financial information are not included in the summary but that there is a cross reference in the summary to where the information can be found in the prospectus. They suggested making the summary into a 'readers guide' for the prospectus which gives an overview of the issuer and the offer and without repetition of risk factors and financial information. This would cut down expenses to advisors engaged in checking the summary against the prospectus.

827. Two respondents representing investors did not consider that any further reduction or simplification of the disclosure requirements of the summary would significantly reduce the costs of preparing the prospectus.

Input from the SMSG

828. The SMSG does not propose any further reduction or simplification of the disclosure requirements of the summary as it does not consider it would significantly reduce the costs of preparing the prospectus.

ESMA's response

829. ESMA points out that responses to Question 28 mostly made reference to input provided to Questions 1, 17, 20 and 22 and notes that this has already been addressed in ESMA's response to the relevant questions.

3.3. Technical advice on scrutiny and approval

830. Following the analysis of the responses to the Consultation Papers on format and content and on the EU Growth prospectus, this section addresses the responses received to the third and last Consultation Paper on scrutiny and approval[63]. The SMSG did not respond to this Consultation Paper and is therefore not referenced in this section. All question numbers refer to the Consultation Paper on scrutiny and approval.

3.3.1. General remarks

831. In addition to responding to the specific questions, a number of respondents provided general comments on various topics touched upon in the Consultation Paper. These are addressed in the following section[64] which also sets out ESMA's responses thereto.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	0	0	3	1	2	2	1

832. In relation to permitting NCAs to apply further scrutiny criteria than those set out in the proposed Article A(1)-(3)[65] (now Article N(1)-(3), please refer to Annex V), five respondents supported giving NCAs discretion to apply scrutiny criteria additional to those set out in the proposed Article C (now Article P) and as such considered it appropriate that the scrutiny criteria are not exhaustive (two issuer associations, one law firm, one regulated market and one respondent in the category "Other"). Three other respondents (two issuer associations and one respondent in the "Other" category) were against this discretion as it was seen to run counter to the harmonisation of scrutiny and therefore the creation of a level playing field as required by Recital 60 of the Prospectus Regulation and as it could allow NCAs to ask the issuer for additional disclosure items which would go against the aims of the Capital Markets Union. One investor association respondent placed itself in between by saying that while the criteria cannot be made exhaustive, NCAs should cooperate to establish more detailed criteria. Furthermore, it

[63] Consultation Paper on draft technical advice on scrutiny and approval of the prospectus (ESMA31-62-650).

[64] Where respondents have provided input on topics addressed in other sections of the Consultation Paper, their input is summarised under the appropriate question rather than in Section 3.3.1.

[65] This also summarises responses on this topic which were provided under the individual questions in the Consultation Paper.

was remarked that as NCAs may apply criteria beyond those set out in the proposed Article A(3) (now Article N(3)), it should be clarified that NCAs are not required to review information outside the prospectus which is referenced in the prospectus.

833. Further in relation to information outside the prospectus, two issuer associations disagreed with the right of NCAs to look at such information, stating that information outside the prospectus should only be used as a basis for requiring supplementary information to be included in the prospectus. Permitting NCAs to scrutinise information outside the prospectus would cause uncertainty for issuers regarding the content and timing of the scrutiny and could cause liability concerns for NCAs.

834. Furthermore, the following comments were made:

a) A recital should be added stating that the scrutiny criteria and approval procedures codify existing practice so the market and NCAs do not mistakenly think that a change in behaviour is expected (two respondents).

b) It should be clarified how the technical advice applies to base prospectuses, especially in the case of the URD as the technical advice seems to be focused mostly on standalone prospectuses, either as single documents or composed of separate documents.

c) In addition to criteria for scrutiny, ESMA should address procedures for scrutiny as these can be considered to fall within the scope of the technical advice. ESMA should also have consulted on the guidelines it is required to produce under Article 20(12) of the Prospectus Regulation at the same time as it consulted on its technical advice as this could have contributed to preventing different scrutiny practices from developing.[66]

ESMA's response

835. In relation to the right of NCAs to apply further criteria than those laid down in the proposed Article A (now Article N), ESMA acknowledges that respondents hold diverging views. ESMA is mindful that Level 1 has set a goal of harmonising the criteria for scrutiny of the prospectus and observes that the lists of criteria for scrutiny of completeness, comprehensibility and consistency in the proposed Article A pursue this goal. Currently no across-the-board scrutiny criteria exist and NCAs are therefore free to determine their individual approaches to scrutiny, within the framework of the prospectus regime. Establishing a set of standardised rules for scrutiny of prospectuses, the lists of criteria in the proposed Article A (now Article N) will therefore undoubtedly harmonise the scrutiny process.

[66] This point was additionally raised in response to Question 15.

836. At the same time as pursuing harmonisation, ESMA also has to be mindful of the Level 1 instruction to take a proportionate approach based on the circumstances of the issuer and the issuance. ESMA has therefore maintained a level of NCA discretion in its technical advice, allowing NCAs to not apply the criteria to already scrutinised or reviewed material and to apply criteria beyond those laid down in the proposed Article A (now Article N) when necessary for investor protection. ESMA maintains its position that it is crucial for investor protection that NCAs are permitted to apply criteria beyond those defined in the proposed Article A as there would otherwise be a risk that an NCA would be forced to approve a prospectus despite having concerns that it does not fulfil the requirements of the prospectus regime.

837. However, ESMA acknowledges the call from some respondents to create more harmonisation and to clarify the discretion of NCAs. ESMA therefore explains that NCAs should assess each prospectus on its own merits and determine whether it is necessary for investor protection to apply any scrutiny/review criteria besides those laid down in the proposed Article A. In order to make this clearer in the technical advice, ESMA has inserted “on a case-by-case basis” in the proposed Article B(1) (now Article O(1)). ESMA has additionally inverted the order of the wording in the proposed Article B(1); a change which is intended to further clarify the provision and not to change its scope in any way.

838. Once the new Level 2 measures are put in place and it has been possible to assess how they function, ESMA will consider whether there is a need for further guidance at Level 3 in relation to the criteria for scrutiny and review. Such guidance might be delivered as guidelines, in response to the specific empowerment in PR Article 20(12), or in the form of other Level 3 measures.

839. Furthermore, ESMA acknowledges the wish from respondents to have clarity in relation to information outside the prospectus and the role this plays in NCAs’ scrutiny of prospectuses. ESMA therefore observes the following, on the basis of PR Articles 2(r), 20(4), 20(11), 32(a), (b) and (c) as well as Recitals 60 and 71:

- NCAs are not required to look at information outside the prospectus in connection with their scrutiny or review of a prospectus/URD; they are only required to scrutinise/review the information contained in the prospectus/URD. However, this should not prevent each NCA from looking into information outside the prospectus in specific situations and on a case-by-case basis when it considers that it might be relevant to do so, nor should it stop the NCA from raising comments in relation to information outside the prospectus which would seem relevant for inclusion in the prospectus.

- When an NCA chooses to look at information outside the prospectus, the NCA is not scrutinising this information according to the criteria in the proposed Article A (now Article N). Rather, the NCA is looking at the information outside the prospectus to assess whether supplementary information is needed in the prospectus. ESMA has amended the proposed Article B(1) (now Article O(1)) to

clarify this as follows: "…the competent authority may…apply criteria to the information given in the draft prospectus beyond those laid down in Article N".

840. In relation to the points raised under paragraph 834 above:

- 834a: While a number of the provisions on approval are carried over from the current Second Commission Delegated Regulation, ESMA does not agree that the technical advice on scrutiny and approval only codifies existing practice. The intention behind the technical advice is to harmonise the approach to scrutiny and approval across NCAs at the same time as taking a proportionate approach based on the circumstances of the issuer and of the issuance. On that basis, ESMA has not added a recital as proposed in paragraph 834a.

- 834b: ESMA clarifies that the proposed technical advice is intended to cover all types of prospectuses, except where an express reference is made to a specific type of prospectus or constituent part of the prospectus. As such, the scrutiny criteria set out in the proposed Article A (now Article N) should be used in relation to base prospectuses, as applicable, and the provisions for taking a proportionate approach in the proposed Article B (now Article O) also apply to base prospectuses. Similarly, the provisions on approval of the prospectus in the proposed Articles C to F (now Articles P to S) are relevant to base prospectuses as well as to constituent parts of the prospectus, as applicable. The fact that ESMA in most cases has made generic references to *the prospectus* in the technical advice should not be taken to mean that the technical advice does not apply to base prospectuses; ESMA has used a generic wording rather than referencing all the varieties of prospectuses and constituent parts in order to keep the technical advice short and succinct. This is also clarified on page 31-32 of the Consultation Paper and in the last recital of the technical advice in Annex V.

- 834c: On the first point, ESMA does not agree that the Commission's empowerment to adopt delegated acts on scrutiny, and as such ESMA's task of delivering technical advice, covers procedures for scrutiny. During the legislative negotiations of the Prospectus Regulation, it was at one point proposed to address 'procedures' for scrutiny, however, this was changed to 'criteria' and on this basis ESMA considers it clear that scrutiny procedures fall outside the scope of the empowerment in PR Article 20(11). On the second point, ESMA decided not to consult on guidelines under PR Article 20(12) concurrently with its consultation on technical advice as it considers it preferable to assess the functioning of Level 2 before Level 3 measures are put in place to supplement Level 2.

3.3.2. Scrutiny of the prospectus and scrutiny and review of the URD

841. This section summarises the feedback which ESMA received in relation to Questions 1 to 8 and presents ESMA's response to this feedback.

Question 1: Do you agree with the criteria for determining whether a prospectus is complete (Article A(1))? Do you consider that additional completeness criteria are necessary?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	1	7	3	4	1	2

842. ESMA received 22 responses to Question 1 of which 17 agreed that ESMA has identified the right criteria for determining whether a prospectus is complete. Additionally,

a) two respondents proposed amending the proposed Article A(1)(b) (now Article N(1)(b)) in order to clarify that prospectuses may leave out non-relevant information, one by proposing the drafting amendment that the prospectus reasonably addresses all applicable information requirements, taking into account the nature of the issuer, securities and offer/admission and the other by suggesting the wording that the draft prospectus reasonably addresses the necessary information which is material to an investor for making an informed assessment,

b) another respondent suggested deleting the proposed Article A(1)(b) entirely as it could be taken to indicate that NCAs have to assess the level of disclosure in the prospectus, thereby causing them to assume additional liabilities,

c) one respondent considered that the legal requirements set out in Articles 6-19 of the PR should be included as criteria in the proposed Article A(1) (now Article B(1)) of the technical advice.

ESMA's response

843. In relation to the comment presented in paragraph 842a, ESMA observes that PR Article 6(1) clearly specifies the principle which issuers must apply when deciding which information to include in the prospectus, sometimes referred to as the 'necessary information' test. ESMA does not wish to add confusion to this provision and therefore

does not find it helpful to add further wording in this regard in the technical advice. ESMA furthermore acknowledges that the inclusion of the word 'reasonably' in the narrative of the Consultation Paper but not in the actual technical advice has caused some confusion. ESMA therefore clarifies that the intention was not to introduce this word into the technical advice.

844. As regards the suggestion to entirely delete the proposed Article A(1)(b) (now Article N(1)(b)), ESMA is of the view that this would leave an important part of the completeness scrutiny unaddressed and has therefore decided not to pursue this suggestion. On the proposal to add scrutiny criteria for the legal requirements set out in PR Articles 6-19, ESMA has generally taken the approach that it is not useful to reiterate specific legal requirements contained in Level 1 at Level 2 as the purpose of Level 2 is to further specify Level 1 rather than to repeat it. However, to ensure that the information requirements set out in Level 1 are clearly addressed by the completeness criteria, ESMA has added a generic reference to the PR in the proposed criterion A(1)(b) (now N(1)(b)). Lastly, ESMA has added a reference to Article G(4) of the technical advice in the proposed Article A(1), second subparagraph (now Article N(1), second subparagraph) in order to clarify that information may be left out of the prospectus not only if it falls under the provisions on omission of information but also if it is not pertinent.

Question 2: Do you agree that NCAs should apply different criteria when assessing the comprehensibility of retail and wholesale prospectuses? If yes, do you agree with the criteria proposed in Article A(2)? Please make an alternative proposal if you do not agree with these criteria.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	1	7	2	5	0	2

845. On Question 2, ESMA also received 22 responses. 19 respondents agreed that NCAs should apply different criteria when assessing the comprehensibility of retail and wholesale prospectuses – though one suggested that this difference should only apply to disclosure about the securities and not about the issuer – and of these, ten agreed that ESMA has identified the right criteria. In addition, the following input was received:

a) ESMA should use the capabilities of an 'average reasonable investor' as the basis for developing the comprehensibility criteria (one respondent).

b) On the proposed Article A(2)(a) (now Article N(2)(a)), one respondent was of the view that further clarification on the requirement of a detailed table of contents would be helpful.

c) Regarding proposed Article A(2)(b) (now Article N(2)(b)), one respondent requested further clarity on how to meet the criterion of related information being grouped together and suggested that a prospectus drawn up in the order of the applicable disclosure schedules should always be considered to meet this criterion. The same comment was made on the proposed Article A(2)(e) (now Article N(2)(e)). Furthermore on A(2)(e), two respondents proposed clarifying that incorporating information by reference and structuring the prospectus into separate documents should not lead to the prospectus being considered incomprehensible. Additionally, three respondents were of the view that issuers should be given maximum flexibility to choose the order of the sections in the prospectus in order to allow them to structure the prospectus in a way "that helps the investor understand its contents"[67].

d) As regards the proposed Article A(2)(d) (now Article N(2)(d)), two respondents had concerns about this criterion as it would cause legal uncertainty if the summary were to be drafted in a different language than the remainder of the prospectus and because the criterion does not take account of highly technical business sectors and models.

e) In relation to the proposed Article A(2)(f) (now Article N(2)(f)), four respondents suggested that the requirement to explain mathematical formulas should be limited, either to only retail investors or by adding "where necessary according to the nature of the formula and the type of investors targeted". Furthermore, three respondents remarked that a description of product structure is already a disclosure requirement and should therefore be deleted as a comprehensibility criterion.

f) On the proposed Article A(2)(g) (now Article N(2)(g)), four respondents suggested removing the plain language criterion for a number of reasons, including plain language being considered unsuitable for documents as complex as the prospectus, the term being difficult to translate and possibly having different connotations across Member States and the view that rewriting (base) prospectuses in a simpler language was not intended by the co-legislators and would not be helpful for issuers or investors. As an alternative to removing the criterion, it was suggested to replace it with a more general requirement for the prospectus to be understandable by an average reasonable investor or to refer to "clear" instead of "plain" language. It was also suggested that this criterion could be clarified with guidance from ESMA to NCAs.

[67] This input was provided in response to Question 3.

g) Regarding the proposed Article A(2)(h) (now Article N(2)(h)), four respondents were of the view that this criterion is unnecessary, three of them because a description of the nature of the issuer's operations and principal activities is already a disclosure requirement and is therefore not necessary as a comprehensibility criterion.

h) It was suggested to add further criteria to assess the comprehensibility of prospectuses available to retail investors depending on the type of securities being offered (two respondents).

i) One respondent suggested that more detailed comprehensibility criteria would be helpful to avoid NCAs applying different approaches to scrutiny, another suggested that further criteria should be added to address the comprehensibility of cover pages and a third respondent observed that the criteria for scrutiny of comprehensibility should be understood as checks for NCAs to undertake rather than additional content requirements for issuers[68]. One respondent considered that the criteria applicable to wholesale prospectuses are too detailed and burdensome.

ESMA's response

846. On the suggestion to use the 'average reasonable investor' as a point of reference for comprehensibility scrutiny, ESMA would prefer not to introduce such a term for a number of reasons:

- It is very difficult to determine what an average reasonable investor would be able to understand. The technical advice already distinguishes between securities available to retail investors and wholesale investors. These terms are derived directly from Level 1, and ESMA believes it is preferable not to apply further distinctions.

- MiFID uses a distinction between professional and retail clients[69] and while the scopes of the Prospectus Regulation and the MiFID regime are different, ESMA is of the view that it would be best not to introduce additional terms which cut across those used under MiFID.

- The term 'average reasonable investor' would be a novelty to the prospectus regime and should as such be consulted on before being suggested for inclusion in Level 2. As the term was not included in ESMA's Consultation Paper and

[68] This last comment was provided in relation to the Consultation Paper on draft technical advice on the format and content of the prospectus.

[69] MiFID II, Article 4(1)(10) and (11).

therefore not subjected to consultation with the market, ESMA considers that it would be procedurally unwise to introduce it in its Final Report.

847. For these reasons, ESMA has not taken the suggestion of referring to an average reasonable investor on board[70].

848. Regarding the request for clarification on the detailed table of contents, as mentioned in Section 3.1. ESMA intends to provide guidance on this concept at Level 3.

849. As regards proposed criteria A(2)(b) and A(2)(e) (now N(2)(b) and N(2)(e)), ESMA clarifies that drawing up a prospectus in the order of the applicable disclosure schedules would not contradict the requirement of grouping related information together or of drafting the prospectus in a structure that helps the investor understand its contents. ESMA does not, however, agree with certain respondents that incorporating information by reference should never lead to the prospectus being considered incomprehensible. While PR Article 19 permits issuers to incorporate information by reference with the purpose of simplifying the prospectus and reducing the costs of drawing it up, Recital 58 clearly states that "the aim of simplifying and reducing the costs of drafting a prospectus should not be achieved to the detriment of other interests the prospectus is meant to protect, including the accessibility of the information". As such, in cases where the incorporation regime is used to such an extent that the prospectus itself becomes nothing more than a shell document with reference to a large amount of other sources, the NCA may determine that the proposed criterion A(2)(e) (now N(2)(e)) is not fulfilled. ESMA does, on the other hand, agree that drawing up the prospectus in tripartite structure should not lead to the prospectus being considered incomprehensible. In relation to the order of the information in the prospectus, this is addressed in Section 3.1.

850. On proposed criterion A(2)(d) (now N(2)(d)) where two respondents are concerned about the requirement for the summary to be written in non-technical language, ESMA observes that this condition stems from Level 1, as PR Article 7(3)(b) requires the summary to be written "in language that is…non-technical". Proposed criterion A(2)(d) is as such directly derived from Level 1 and ESMA in fact proposes to afford issuers a level of flexibility by suggesting that technical terms can be used in exceptional cases as long as they are explained.

851. Regarding the first part of proposed criterion A(2)(f) (now N(2)(f)), ESMA considers that this should apply to both wholesale and retail prospectuses as information on mathematical formulas will also be helpful for wholesale investors, however, to clarify the criterion ESMA has replaced "explains" with "defines the components of".

[70] ESMA observes that this does not mean that NCAs should base their prospectus scrutiny on a case-by-case analysis of the knowledge level of individual potential investors; rather, NCAs should consider the group of investors to whom the securities will be available as a whole.

852. Likewise, ESMA is of the view that the second part of the criterion – relating to product structure – should be maintained regardless of the fact that a description of product structure is already a disclosure requirement. This is because product structure is especially important for investors when assessing the potential investment and especially in case of complex structured products, the simple requirement of describing product structure will not necessarily mean that that description is comprehensible. ESMA therefore believes that this point should be highlighted to NCA prospectus readers with a specific mention in the scrutiny criteria.

853. On proposed A(2)(g) (now N(2)(g)), ESMA appreciates the different points raised in relation to the "plain language" criterion, however, ESMA does not agree that it goes beyond the intention of the co-legislators to make prospectuses more reader friendly. Rather, ESMA understands that the co-legislators intended to enhance the readability of prospectuses by making them more succinct and adapted to the type of investor, based on the following observations:

- While PD Article 5(1) required the information in the prospectus to be "presented in an easily analysable and comprehensible form", PR Article 6(2) requires the information in the prospectus to be "written and presented in an easily analysable, concise and comprehensible form", thereby enhancing the focus on the readability of the prospectus.

- PD Article 5(1) acknowledged that information in the prospectus may vary depending on the nature of the issuer and of the securities, whereas PR Article 6(1) sets out that information in the prospectus may also vary depending on the circumstances of the issuer and whether or not the non-equity securities have a wholesale denomination or will only be offered to qualified investors. This change shows the intention of adapting the prospectus to the type of investor.

- PR Recital 27 states that the prospectus "should not contain information which is not material or specific to the issuer and the securities concerned, as that could obscure the information relevant to the investment decision and thus undermine investor protection" which is new compared to the PD and as such further illustrates the intention to enhance readability.

854. ESMA therefore considers it is in line with Level 1 to maintain the plain language criterion for retail prospectuses, acknowledging that this might require a one-off rewriting of certain parts of particularly base prospectuses. Notwithstanding this, ESMA does believe that the concept of "plain language" would benefit from further explanation as there seems to be some misconceptions as to what the intention behind this requirement is. ESMA therefore clarifies that drafting the prospectus in plain language does not mean removing complex information in order to make the prospectus more accessible nor does it entail writing the prospectus in a simplistic or colloquial language since this, as rightly pointed out by some respondents, could do investors a disfavour by overly simplifying complex matters and thereby providing a false sense of security. Writing the prospectus in plain language rather means clearly presenting potentially complex

information to maximise investors' ability to understand it. As such, plain language means language that is understandable to retail investors.

855. On proposed criterion A(2)(h) (now N(2)(h)), ESMA acknowledges that the proposed disclosure schedules require the prospectus to include information about the operations and principal activities of the issuer, however, as this disclosure will be of particular importance in retail prospectuses – to which this scrutiny criterion exclusively applies – ESMA considers that it is useful to highlight it to prospectus readers with a dedicated scrutiny criterion.

856. On the proposal to distinguish between different types of securities offered to retail investors, ESMA observes that it has tried to strike a balance between comprehensibility criteria that are sufficiently detailed to provide added value in the scrutiny process but not so detailed that they take away NCA prospectus readers' ability to apply common sense in the scrutiny process. To strike this balance, ESMA has drafted the comprehensibility criteria in a way so that they would automatically provide for more stringent disclosure for complex products than for relatively simple products. Using proposed criterion A(2)(f) (now N(2)(f)) as an example, the requirement to describe the product structure only applies to securities with a derivative component as these will be more difficult for investors to understand and therefore need both additional disclosure and more stringent scrutiny of that disclosure.

857. Overall, only one respondent suggested that more detailed criteria for scrutiny of comprehensibility are needed while ten respondents agreed with the proposed criteria; on this basis ESMA has not proposed any additional comprehensibility criteria. In relation to the suggestion that a comprehensibility criterion be added for the cover page, as explained in Section 3.1., ESMA now proposes that the cover note should be optional rather than mandatory and ESMA will consider providing further guidance on the cover note at Level 3. ESMA furthermore confirms that the criteria for scrutiny of comprehensibility, as well as the other scrutiny criteria, including those applied pursuant to the proposed Article B(1) (now Article O(1)), are not to be considered as additional content requirements for the prospectus. Lastly, on the criticism that the comprehensibility criteria for scrutiny of wholesale prospectuses are too burdensome, ESMA is of the view that with the clarifications made in the above paragraphs and the narrowing of proposed criterion A(2)(f) (now N(2)(f)) on mathematical formulas, the comprehensibility criteria for wholesale prospectuses strike the balance between ensuring harmonisation and minimising burden to issuers.

858. ESMA has amended the wording of the proposed Article (A)(2), third subparagraph (now Article N(2), third subparagraph) in order to clarify that the three last comprehensibility criteria should not be applied to *any* wholesale prospectuses; the wording in the Consultation Paper referred only to wholesale prospectuses drawn up based on the disclosure schedules for wholesale debt and derivatives.

Question 3: Do you agree with the criteria for assessing the consistency of a prospectus proposed in Article A(3)? Do you consider that additional consistency criteria are necessary?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	1	7	3	4	1	2

859. 22 responses were received to Question 3 of which 20 agreed with the criteria for assessing the consistency of a prospectus. Furthermore, the following comments were made:

a) The word “aligned” should be replaced with the word “consistent” as this is clearer and avoids introducing a word not used in Level 1 (four respondents).

b) In the proposed Article A(3)(a) (now Article N(3)(a)), “or referred to” should be inserted to avoid duplication of information (two respondents).

c) Two respondents questioned whether the proposed Article A(3)(b) (now Article N(3)(b)) is consistent with Level 1 while another found it unnecessary.

d) There was some disagreement with proposed Article A(3)(c) (now Article N(3)(c)) as:

i) respondents were not convinced that detailed disclosure on use of proceeds is helpful, particularly for debt,

ii) it would be unhelpful to force issuers to commit to using proceeds in a certain way,

iii) debt issuers making continuous offers would often use the raised capital for working capital rather than a specific project,

iv) amount raised would not be known at the time of finalising the prospectus, making it impossible to assess whether this corresponds to the use of proceeds (four respondents).

An assessment of the consistency of a prospectus should therefore take into account the commercial context of the issuance. It was further remarked by one respondent that this criterion is not relevant for banks.

e) Regarding proposed Article A(3)(d) (now Article N(3)(d)), one respondent remarked that the description of the issuer in the operating and financial review is not relevant for banks.

f) It was questioned how the alignment between a clean working capital statement and other parts of the prospectus would be assessed and it was therefore suggested that the proposed Article A(3)(e) (now Article N(3)(e)) should only apply to situations where there is a qualified working capital statement (two respondents).

ESMA's response

860. Regarding paragraph 859a, ESMA understands that some respondents would prefer using the word 'consistent' rather than 'aligned' in the criteria for scrutiny of consistency and that these respondents consider that 'consistent' is not in need of explanation by using another word. However, ESMA has been requested to draw up criteria for the scrutiny of the consistency of the prospectus and is therefore obliged to explain how 'consistent' should be understood in the context of prospectus scrutiny and review. Furthermore, using 'consistent' to explain 'consistent' is circular in ESMA's view and therefore not a robust approach. Nevertheless, ESMA acknowledges that 'aligned' may give the impression that information in different parts of the prospectus should be formulated in the exact same way which is not the intention; the proposed Article A(3) (now N(3)) of the technical advice has therefore been amended to refer to 'in line' instead.

861. On the suggestion that risks should either be included in the risk factors section or referred to in that section, ESMA observes that material risk factors should always be included in the risk factors section itself, either physically or via incorporation by reference, and may on top of that also be described or corroborated elsewhere in the prospectus. As such, ESMA has not taken this suggestion on board.

862. In relation to the criterion in proposed Article A(3)(b) (now N(3)(b)), ESMA remains of the view that it is coherent with Level 1 to require the summary to be in line with the rest of the prospectus, cf. the requirement of PR Article 7(2) for the summary to "be read as an introduction to the prospectus and […] be consistent with the other parts of the prospectus". ESMA considers it important to retain this criterion as the summary is often a point of reference for retail investors and it is therefore crucial to check that it is in line with the more elaborate information in the rest of the prospectus.

863. In relation to the comments on use of proceeds, these relate more to the actual disclosure requirement than to the scrutiny of the prospectus and are as such addressed under Question 5 in Section 3.1. With reference to that section, ESMA clarifies that it considers that the scrutiny criterion on the consistency between use of proceeds and other parts of the prospectus is still helpful. However, ESMA draws attention to the words "where applicable" in the criterion which mean that where the issuer is not required to disclose its strategy or where its disclosure of the use of proceeds is 'general corporate purposes', the second part of the criterion does not apply. As set out in Section 3.1.,

ESMA agrees that credit institutions should not be required to make detailed disclosure of use of proceeds.

864. As regards paragraph 859e, ESMA observes that to the extent a bank issues non-equity it would not be required to draw up an operating and financial review, except in the case of the URD which ESMA, in accordance with PR Recital 39 and the Commission's request for technical advice, has based on the share registration document.

865. Lastly, ESMA does not agree that the criterion in the proposed Article A(3)(e) (now Article N(3)(e)) can only be applied when there is a qualified working capital statement. Even where the working capital statement is clean, there may be inconsistencies between that and the risk factors, the auditor's report, the use of proceeds and/or the disclosure of the issuer's strategy. For example, the risk factors could suggest that the issuer may run out of working capital in the next 12 months and/or the audit report on the issuer's annual financial statements could contain a disclaimer concerning the issuer's going concern. Where such information is provided alongside a clean working capital statement, this could indicate an inconsistency between the risk factors/the audit report and the working capital statement. It is therefore appropriate to apply the proposed Article A(3)(e) to all working capital statements.

Question 4: In relation to scrutiny and review of the URD where ESMA proposes that only minimal changes be made to the generally applicable scrutiny criteria, do you consider there to be any further aspects where scrutiny and review of the URD need to differ from the general criteria?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	6	1	2	0	2

866. Responses to Question 4 were fewer (15) and very uniform as all respondents considered that the criteria for scrutiny and review of the URD need not differ from the generally applicable scrutiny criteria in other areas than those already identified by ESMA. On top of this, one respondent suggested that it be clarified how the confirmation that information in the final draft of the prospectus is still up-to-date and complies with the applicable date requirements (proposed Article B(5), now Article O(5)) would work in relation to the URD and its relationship with the supplement regime.

ESMA's response

867. ESMA welcomes the support for its proposal that the criteria for scrutiny and review of the URD should largely mirror those for scrutiny of the prospectus. In response to the stakeholder requesting clarity, ESMA observes that when the issuer submits the final draft of the URD for approval, it should confirm that the information in the URD is up-to-date. When the issuer has had a URD approved or filed it without approval, it may publish amendments to the URD on its own initiative or if requested to do so by the NCA, cf. PR Article 9(7) and (9). The requirement to publish a supplement is separate from the URD regime as the supplementing requirement applies in the period from when the prospectus – not the URD – is approved until the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later; this is clearly set out in PR Article 9(10).

Question 5: Do you agree that it is not necessary to address partial/repeated reviews of a URD in the technical advice?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	1	6	3	3	0	2

868. Similarly, responses to Question 5 were very consistent as 18 out of the 19 respondents to this question agreed with ESMA that it is not necessary to address partial and repeated review of the URD in the technical advice. Two of these respondents observed that it is clear from PR Article 9(8) that NCAs are permitted to perform both partial and repeated reviews. One respondent on the other hand considered that giving NCAs discretion as to whether to perform partial reviews of the URD could be detrimental to investors as elements of the URD could be of interest to investors in case of major changes.

ESMA's response

869. ESMA welcomes the support for its proposal. As regards the respondent who is concerned about partial reviews, ESMA believes there might have been a misunderstanding and clarifies that if the NCA decides not to review the URD, it will instead be required to scrutinise the URD if it is intended for use as a constituent part of a prospectus. As such, the URD will always be examined by the NCA before use in a prospectus.

Question 6: In order to take a proportionate approach to scrutiny and review of prospectuses, do you agree that NCAs should only be required to scrutinise information which has not already been scrutinised/reviewed/approved, as proposed in Article B(2)?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	1	7	2	4	0	2

870. ESMA received strong support for the proposal that NCAs should only be required to scrutinise information which has not already been scrutinised, reviewed or approved as all 20 respondents to Question 6 agreed with this proposal. Furthermore, a few respondents suggested that it should be clarified that NCAs should be prohibited from raising comments on parts of the prospectus which have already been scrutinised and that NCAs should be mindful of the consistency of the prospectus when applying this proportionate approach.

ESMA's response

871. ESMA welcomes the support for its proposal. In relation to the suggestion that NCAs be prohibited from raising comments on parts of the prospectus which they have already scrutinised, ESMA maintains the position set out in connection with its work under the Omnibus II Directive that it would run contrary to the general PR objective of investor protection to outlaw such comments as this could effectively result in NCAs being prohibited from commenting on significant matters in the prospectus where such are discovered in a subsequent round of scrutiny. However, NCAs should always endeavour to raise comments on the draft prospectus at the earliest possible opportunity[71].

872. Furthermore, ESMA fully agrees that NCAs should remain mindful of the consistency of the prospectus when applying the proportionate approach permitted by proposed Article B (now Article O); this is in line with its position that the application of the derogations should never compromise the NCA's obligation to ensure the completeness,

[71] Consultation Paper on Omnibus II RTS (ESMA/2014/1186), paragraph 48; Final Report on Omnibus II RTS (ESMA/2015/1014), paragraph 25.

comprehensibility and consistency of the draft prospectus, as set out in the Consultation Paper on the draft technical advice[72].

Question 7: Do you believe that application of the proposed criteria will impose additional costs on issuers, offerors or persons asking for admission to trading? If yes, please specify the type and nature of such costs, including whether they are one-off or on-going, and quantify them.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	0	0	3	1	1	1	1

873. ESMA received nine responses to this question, the overall assessment being that the proposed scrutiny criteria will not impose additional costs on the market. One respondent observed that the new criteria will require some adaptation which could lead to more iterations between issuers and NCAs for the first prospectuses scrutinised under the new regime, however, this was not estimated to be likely to cause large delays or costs. Another remarked that issuers in complex industries might incur costs, including legal costs, when adapting to the new criteria. A few respondents mentioned the comprehensibility criteria on plain language in proposed Article A(2)(g) (now Article N(2)(g)), one considering that it would lead to some initial adaptation costs and one that it might be more costly for issuers. No quantitative input was received.

ESMA's response

874. ESMA understands that the respondents who consider that the scrutiny criteria may impose additional costs on issuers are mainly concerned about the comprehensibility and consistency criteria which will apply to information about the issuer and specifically about the plain language criterion. ESMA is of the view that in order to create a robust Level 2 regime for harmonisation of NCAs' prospectus scrutiny, it is necessary to set out scrutiny criteria at a certain level of specificity. When drawing up its draft technical advice, ESMA considered proposing more general criteria but came to the conclusion that this would not be in line with the intention of the co-legislators to harmonise NCAs' approach to scrutiny. In relation to the plain language criterion, ESMA reiterates its previous point that the PR seems to take a further step towards the readability of the

[72] Consultation Paper on draft technical advice on scrutiny and approval of the prospectus (ESMA31-62-650), paragraphs 71 and 92.

prospectus as compared to the PD and ESMA will therefore maintain its proposal in relation to plain language.

Question 8: Do you have any further suggestions for harmonising the way in which NCAs scrutinise prospectuses? In your view, should ESMA propose more detailed or additional criteria for scrutiny/review in its technical advice?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	1	7	2	2	2	2

875. 20 respondents provided answers to Question 8 and there was broad agreement that no further scrutiny criteria should be established at Level 2 (though one respondent held the opposite view and suggested that more detailed scrutiny criteria would ensure harmonisation). Instead, a number of respondents suggested that it might be helpful to develop further guidance at Level 3 through the use of guidelines, best practices or peer reviews, the latter being highlighted as especially useful to ensure that the new regime be implemented in a harmonised and thereby efficient manner.

876. One respondent suggested that if an NCA wishes to apply an additional scrutiny criterion, ESMA should first examine the criterion to assess whether it would be relevant to extend it to all NCAs or whether it goes beyond the scope of prospectus scrutiny, commenting that action must be taken to remove the regulatory arbitrage currently available to issuers. It was furthermore suggested that where an NCA decides not to apply the exemption in proposed Article B(6) (now Article O(6)), it should provide the reasons therefore to the issuer and that it be clarified how quickly NCAs are expected to undertake scrutiny – this latter could also be done by way of guidance from ESMA.

ESMA's response

877. ESMA appreciates the effort to enhance harmonisation which lies behind the suggestion that ESMA should pre-vet new criteria before they can be applied by NCAs. While ESMA believes that the proposal in its exact form would impede NCAs' day-to-day scrutiny work which is undertaken within short deadlines and therefore does not lend itself to submission of possible scrutiny criteria for external vetting, it agrees that it could be helpful to keep track of criteria applied by NCAs which go beyond those set out in proposed Article A (now Article N). Rather than including wording on this in its technical advice, ESMA considers that it would be beneficial to let the new scrutiny regime settle

before drawing up provisions in this regard and has therefore decided to leave this area to be addressed at Level 3.

878. On the proposal that NCAs should justify where they do not apply the derogations in proposed Article B (now Article O), this would change the nature of the provisions from being derogations to being de facto obligations on NCAs not to scrutinise; this was not the intention behind these provisions. While ESMA expects that NCAs will take the opportunity to apply the derogations on many occasions in order to facilitate a quick scrutiny process, they should retain the freedom to re-scrutinise previously reviewed, scrutinised or approved information where deemed necessary due to the circumstances of the specific prospectus or issuer.

3.3.3. Approval of the prospectus and approval and filing of the URD

879. This section summarises the feedback which ESMA received in relation to Questions 9 to 13 along with ESMA's response to this feedback.

Question 9: Has ESMA identified all the necessary amendments to the existing procedures for approval of the prospectus?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	1	0	5	0	3	1	1

880. ESMA received 15 responses to Question 9 of which seven explicitly agreed that ESMA has identified all the necessary amendments to the existing procedures for approval of the prospectus. Additionally, the following observations were made:

a) The possibility to submit the final draft of the prospectus in a paper version should be reinserted as scanned documents cannot be submitted in searchable electronic format (three respondents).

b) It should be clarified what the appendix under proposed Article C(2)(d) and (e) (now Article P(2)(d) and (e)) should look like.

c) ESMA should consider local practices for approval of growth company prospectuses and more generally, ESMA should take the specificities of local markets and differences in market and regulatory culture into account. A fast and cheap approval process should be established for the EU Growth prospectus,

for example by allowing the exchange to approve the prospectus or by allowing a less extensive disclosure along the lines of the Company Description used by Nasdaq's First North market.[73]

d) The exemption from submitting information incorporated by reference which has already been filed with an NCA should be extended to any document already filed with the NCA in accordance with any applicable legislation.

e) The requirement for users of the secondary issuance regime to submit a statement of compliance with the Transparency Directive and MAR under the proposed Article C(2)(g) (now P(2)(g)) should be removed; Level 1 sets out exhaustive criteria for making use of the secondary issuance regime and ESMA cannot add further criteria at Level 2. Alternatively, it should be clarified that the statement does not increase issuers' liability[74] (four respondents).

f) The proposed third recital should be redrafted in the following way: "…clearly show changes made to the previously submitted draft and how issues notified by the competent authority have been addressed" (one respondent).

g) While the procedure for submission of documents is almost identical to the current one, issuers will be required to submit a number of new documents which will make the new regime more onerous for them (one respondent).

ESMA's response

881. While ESMA maintains its view that the Prospectus Regulation has taken a further step in the direction of electronic communication, it recognises the importance of facilitating communication between issuers and NCAs in a practical and cost-efficient manner. Due to the concerns raised by some respondents, ESMA has therefore decided to remove the word "exclusively" from proposed Article C(1) and (2) (now Article P(1) and (2)) of the technical advice so that issuers may, where required by or agreed with the NCA, submit the final version of the prospectus in paper form in addition to submitting it in searchable electronic format. Where agreed with the NCA, issuers may furthermore submit marked extracts of the draft prospectus (so-called page pulls) in electronic format which is not searchable in addition to submitting them in searchable electronic format.

882. In response to the request for clarification of how the appendix under proposed Article C(2)(d) and (e) (now Article P(2)(d) and (e)) should look, based on PR Article 26(4) ESMA understands that the appendix which is to be contained in a registration document or URD which is passported on a standalone basis must cover the key information on the issuer required by PR Article 7(6). When the registration document or URD has been

[73] Responses received partly as a general comment to the Consultation Paper on draft technical advice on scrutiny and approval.

[74] This comment was raised under the Consultation Paper on draft technical advice on the format and content of the prospectus.

passported and the issuer draws up the securities note and the summary, the text of the appendix has to be inserted in the section of the summary referred to in PR Article 7(4)(b) – key information on the issuer. The other sections of the summary – the introduction, containing warnings, key information on the securities and key information on the offer of securities to the public and/or the admission to trading on a regulated market – have to be drawn up at the same time as the securities note and approved by the same NCA that is approving the securities note.

883. On the suggestion to create an alleviated approval process for the EU Growth prospectus, ESMA is aware that some operators of MTFs scrutinise the admission documents and remarks that in the case of offers and admissions to trading that are not subject to the Prospectus Regulation, this practice may still continue when the new prospectus regime becoming applicable. However, it falls outside the scope of the technical advice to move the responsibility for approval from NCAs to exchanges for this type of prospectus or to propose shorter approval times and additionally approval times are already set out at Level 1 or. As regards the proposal to alleviate the disclosure required in the EU Growth prospectus, please refer to Section 3.2. of this Final Report.

884. In relation to incorporation by reference and whether information needs to be resubmitted to the NCA, ESMA recognises that issuers should be permitted not to resubmit information not only if it has already been approved or filed under the PD or PR but if it is included in the list in PR Article 19(1) and has been approved or filed with the NCA; this is already set out in PR Article 19(3). In order to avoid confusion, ESMA has aligned the wording of the proposed Article C(2)(f) of its technical advice (now Article P(2)(f)) with Article 19(3). ESMA observes that information in the prospectus should be in searchable electronic format, cf. PR Article 21(3), and that the possibility not to resubmit information being incorporated by reference would therefore only apply where such information was already approved by or filed with the same NCA in searchable electronic format.

885. As regards the statement of compliance with the TD and MAR which ESMA had proposed in Article C(2)(g) (now Article P(2)(g)) in relation to secondary issuance, ESMA acknowledges the argument that PR Article 14 defines the conditions for using the secondary issuance regime and that these conditions should be considered exhaustive and therefore not be expanded at Level 2. ESMA has therefore decided to remove the requirement to provide this compliance statement for issuers using the secondary issuance regime and the proposed Article C(2)(g) (now P(2)(g)) has been amended accordingly. However, ESMA clarifies that the assumption behind an issuer using the secondary issuance regime continues to be that the information which the issuer is required to disclose under the TD, where applicable, and MAR has been disclosed.

886. On the proposal to redraft the third recital, ESMA understands that amended wording could provide issuers with more flexibility in terms of how they communicate the changes to the NCA at the same time as maintaining the helpful requirement for the NCA to be informed of how its comments have been addressed. ESMA has therefore taken the proposed redrafting on board.

887. Lastly, as regards the criticism that the list of information which issuers have to submit has expanded, the new requirements for issuers to submit information to the NCA in connection with applying for approval or filing a prospectus were contained in proposed Article C(2)(d), (e), (g), (h) and (i) of the technical advice in the Consultation Paper. Of these requirements,

- (d) and (e) stem directly from Level 1 (see also Question 10 below);
- regarding (g), ESMA has removed the requirement for the TD/MAR compliance statement for users of the secondary issuance regime and alleviated it for users of the URD;
- ESMA has deleted (h) (see also paragraph 900 below in this regard];
- (i) (now P(2)(h)) is maintained as this is considered important to facilitate the functioning of the new URD regime.

Question 10: Do you agree with the provision for providing the appendix to the registration document/URD laid down in Article C(2)(d) and (e)?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
4	0	1	6	0	2	0	2

888. 15 respondents provided input on Question 10, 13 of which agreed with the provision for providing the appendix to the RD/URD as laid down in proposed Article C(2)(d) and (e) (now Article P(2)(d) and (e)).

889. One issuer association considered that ESMA's view that the appendix has to be approved at the same time as the RD/URD makes it difficult for issuers to use a new provision designed to alleviate administrative burden and allow issuers to perform standalone passports of RDs and URDs; ESMA should instead read the Level 1 requirement to imply that both RD/URD and appendix have to be approved at the time of passporting. This association therefore suggested that ESMA should permit issuers to have the appendix approved after the RD/URD, thereby facilitating issuers deciding at a later stage whether they wish to passport.

890. Another respondent, while agreeing with ESMA's proposal, highlighted that issuers must be made aware of their inability to passport if they do not have the appendix approved

at the same time as the RD/URD. Two respondents requested clarification of how the appendix requirement would work for a URD drawn up as a base prospectus as summaries are only required for these in case the securities being issued have a retail denomination. One respondent commented that they disagree with the Level 1 requirement for the appendix and asked for clarification.

ESMA's response

891. ESMA takes note of the support to its approach to providing the appendix to the RD/URD. ESMA agrees that requiring the appendix to be approved at the same time as the RD/URD provides for a rather strict use of the new passporting regime for RDs and URDs, but ESMA does not see room for it to shape its technical advice in any other way due to the wording of Level 1. ESMA does, however, encourage the Commission to consider possible ways to change this interpretation when it adopts its delegated acts.

892. As regards informing issuers that they cannot passport the RD/URD if they do not have an appendix approved at the same time, ESMA considers that this could be part of the information provided by NCAs on their websites in accordance with PR Article 20(7) or in their written comments in relation to a RD/URD. As for the respondent disagreeing with the requirement for the appendix to be provided at all, ESMA observes that this is a Level 1 matter and falls outside the remit of ESMA's technical advice. ESMA has provided explanation of how it understands the appendix should work in paragraph 882.

893. ESMA has amended the wording of proposed Article C(2)(d) (now Article P(2)(d)) to clarify that issuers permitted to choose their own home Member State will be able to passport on a standalone basis not only a registration document drawn up in accordance with the retail debt and derivatives schedule but also in accordance with other registration document schedules. ESMA has furthermore slightly amended the wording of the proposed Article C(2)(e) (now Article P(2)(e)) as it inadvertently left out a reference to the request to approve and passport a URD which has been filed and published without approval. Lastly, the proposed Article C(2)(d) and (e) have been amended to further clarify, by way of insertion of the word "exclusively", that the issuer will need to foresee at the time of approval whether the registration document/URD will be passported only in relation to activity which is exempt from the summary requirement – if this is not the case, an appendix will need to be approved at the same time as the registration document/URD.

Question 11: Do you agree with the procedures for approval of the URD?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	1	6	2	3	0	1

894. Of the 16 respondents who provided feedback to Question 11, nine agreed with the proposed procedures for approval of the URD. On the other hand, a number of respondents were against the proposal to require issuers to resubmit the compliance statement with the Transparency Directive and MAR along with the final draft of the URD as it was remarked that Level 1 only foresees submission of this statement at the time of filing or submission for approval of the URD and that a resubmission of the statement would not have any added value (six respondents).

895. One issuer suggested deleting the second paragraph of the proposed Article D(1) (now Article Q(1)) as it was considered unrealistic that anyone will be unable to comply with the first paragraph while another respondent did not agree with the requirement for the URD to be approved in order to be incorporated by reference as this process would be too time consuming and put issuers at risk of missing market windows.

ESMA's response

896. ESMA recognises the arguments against requiring the TD/MAR compliance statement to be resubmitted along with the final draft of the URD and has decided to delete this requirement from its technical advice. The proposed Article E(1) and (2) (now Article R(1) and (2)) have been amended accordingly. ESMA also acknowledges that it will rarely happen that an issuer is unable to provide a mark-up of its amended draft prospectus to the NCA, however, as such cases may arise, ESMA considers it helpful to keep the provision in the second paragraph of the proposed Article D(1) (now Article Q(1)), in particular as this provision is already in place and has not caused any problems.

897. Lastly, in relation to the opposition to requiring the URD to be approved in order for it to be incorporated by reference, ESMA clarifies that this is not the intended meaning of paragraph 69 of the Consultation Paper. As set out in PR Article 19(1), information can be incorporated into the prospectus by reference from documents approved or filed under the PR which means that information can be incorporated from a URD which has been filed and published without approval. In case of such incorporation, the NCA would then be required to scrutinise and approve the information incorporated from the URD on an equal footing with the information included directly in the prospectus being

approved. As such, ESMA is not proposing that, where an issuer wishes to incorporate information by reference from a URD, the URD has to be approved in its entirety first.

Question 12: Do you agree with the procedures for filing of the URD? Are there any further considerations which ESMA should take into account in this regard?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	0	0	6	3	2	0	1

898. ESMA received 15 responses to Question 12 of which eight agreed with the procedures for filing of the URD. Additionally, a number of comments were made:

a) Two respondents observed that PR Article 9(11) only requires the statement of compliance with the Transparency Directive and MAR as a prerequisite for becoming a frequent issuer and that issuers who do not wish to have this title should not be required to provide this statement. The proposed Article C(2)(g) (now P(2)(g)) of the technical advice should therefore be deleted.

b) It was suggested that ESMA cannot introduce further conditions for issuers including the annual and half-yearly financial report in the URD than those set out in the Prospectus Regulation and that the requirement to inform the NCA whether a URD is being used to fulfil publication requirements under the Transparency Directive in proposed Article C(2)(h) should therefore be deleted (three respondents).

c) One respondent asked for clarification of whether an issuer having had URDs approved for two consecutive financial years would need to have a URD, included as a constituent part of a base prospectus, approved before using the base prospectus for an offer or admission to trading.

d) One respondent suggested that NCAs should acknowledge receipt of filed URDs by the end of the first business day following receipt as the URD is a live document.

e) Two respondents remarked that the new URD regime would be more attractive if issuers were permitted to use a reviewed URD as a constituent part of a prospectus without having it approved.

ESMA's response

899. ESMA acknowledges the argument that it is not obligatory for issuers to obtain the status of frequent issuer and that the conditions for becoming a frequent issuer should therefore only apply when issuers do wish to obtain this status. ESMA has therefore amended proposed Article C(2)(g) (now Article P(2)(g) to alleviate the requirement for a TD/MAR compliance statement.

900. On the argument presented in paragraph 898b, while ESMA considers that it would not impose any burden on issuers to confirm to the NCA whether a URD is being used to meet publication requirements under the TD, ESMA acknowledges the argument that the Prospectus Regulation has established the conditions for including annual and half-yearly financial reports in the URD and that no further requirements should be laid down at Level 2. ESMA has therefore decided to remove the obligation for issuers to confirm whether the URD is being used to fulfil publication obligations under the TD, and amendments have been made to the proposed Article C(2) and E (now P(2) and R) to reflect this. Regardless of this requirement being removed from the technical advice, ESMA considers that NCAs can decide that the filing of the URD also constitutes the filing of the annual or half-yearly financial report required by TD Article 19(1) where that is in line with the national transposition of TD Article 19(1).

901. In response to the question in paragraph 898c, ESMA confirms that where an issuer:

- has had a URD approved for two consecutive financial years;
- has drawn up a third URD which has been filed with the NCA and published without approval; and
- uses the filed URD as a constituent part of a base prospectus,

the issuer would need to have the URD approved. This is clearly set out in Recital 42 and Article 10(3) of the Prospectus Regulation.

902. On the proposal in paragraph 898d, ESMA understands that one issuer association wishes for issuers to receive a faster acknowledgement of receipt of URDs which are filed without approval as these are live documents which will be published immediately. However, ESMA questions the premise of this proposal: such a faster acknowledgement of receipt would be crucial only if the publication of the URD had to wait until the acknowledgement was made, and this is not the case. As stated in PR Article 9(4), "Once approved or filed without prior approval, the URD [...] shall be made available to the public without undue delay"; this clearly indicates that publication must happen upon filing and is not dependent on the NCA acknowledging receipt. As such, ESMA has not taken this proposal on board in its technical advice.

903. In relation to the comment provided in paragraph 898e, ESMA observes that the requirement to have the URD approved before using it as a constituent part of a prospectus is a Level 1 matter and falls outside the scope of the technical advice.

Question 13: Do you believe that any of the proposed procedures for approval and filing will impose additional costs on issuers, offerors or persons asking for admission to trading? If yes, please specify the type and nature of such costs, including whether they are one-off or on-going, and quantify them.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
2	0	0	2	0	1	0	2

904. Seven respondents provided feedback on Question 13 of which six were of the view that the proposed procedures for approval and filing will not impose significant additional costs or any costs at all on issuers, offerors or persons asking for admission to trading. The last respondent remarked that the proposed Article F(2) (now Article S(2)) should clarify 'electronic means' as it is unclear whether this covers email.

ESMA's response

905. ESMA confirms that 'electronic means' may cover email, however, the main criterion for which type of electronic means can be used for communication between issuer and NCA in a given Member State is which type is acceptable to the NCA, cf. the second recital of the technical advice ("through electronic means acceptable to that authority"). As such, there may be Member States where NCAs communicate with issuers via a dedicated IT platform while other Member States will use email to communicate with issuers. As it is as such up to the NCA in the issuer's home Member State to inform the issuer of which type of electronic communication may be used, ESMA does not consider it necessary to address this topic further in the technical advice.

3.3.4. Conditions for losing the status of frequent issuer

906. This section summarises the feedback which ESMA received in relation to Questions 14 and 15 and presents ESMA's response to that feedback.

Question 14: Do you agree that it is not necessary at Level 2 to further specify the conditions for losing the status of frequent issuer? If no, please elaborate on how ESMA should further specify the conditions already established at Level 1.

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
3	1	0	7	2	2	0	2

907. ESMA received 17 responses to Question 14 of which 16 agreed that it is not necessary to further specify the conditions for losing the status of frequent issuer at Level 2. The last respondent suggested that ESMA consider any material change in the nature of the issuer and any material change with respect to the use of proceeds for the conditions for losing the status of frequent issuer.

ESMA's response

908. ESMA acknowledges that there is widespread support for its proposal not to further specify the conditions for losing the status of frequent issuer at Level 2. While the suggestions to consider material change in the nature of the issuer and any material change with respect to the use of proceeds are interesting, ESMA remains of the view that there is no scope to define additional conditions for losing the status of frequent issuer at Level 2.

Question 15: Do you have any other considerations which ESMA should be aware of when finalising the technical advice covered by this Consultation Paper?

Stakeholder feedback

Banking	Investment services	Investor associations	Issuer associations	Issuers	Legal and accountancy	Regulated markets, exchanges and trading systems	Others
1	0	0	2	1	1	0	1

909. Six respondents provided considerations under this last question of the CP on scrutiny and approval, as set out below:

a) To provide clarity towards the Spanish market, the proposed Article C (now Article P) should say that the final conditions of any issuance are not subject to review or scrutiny and are therefore not subject to filing (registro).

b) Any title of the technical advice which only refers to procedures for the base prospectus but the body of which also covers the URD should be reworded (this applies specifically to proposed Article E, now Article R). ESMA should be more careful with its use of the word “review”.

c) As annual and half-yearly financial reports are not subject to scrutiny and approval under the Transparency Directive, it should be clarified how these will be treated when they are disclosed within a URD, both in terms of scrutiny and review.

ESMA’s response

910. ESMA’s views on the responses to Question 15 are the following:

- Paragraph 909a: It is correct that the final terms of a base prospectus are not subject to scrutiny or review, cf. PR Article 8(5). However, as clarified in this same article, final terms must be filed with the NCA. As these matters are covered by Level 1, ESMA does not consider it necessary to address them in its technical advice.

- Paragraph 909b: ESMA observes that it has aimed at keeping article headings, and the wording of the technical advice in general, concise. This is the reason that ‘prospectus’ is used in a number of places to cover both the prospectus and any of its constituent parts. This is set out on page 31-32 of the Consultation Paper, and ESMA will propose, as part of its technical advice, the text in the box at the beginning of page 32, so that the use of wording in the future Commission Delegated Regulation is clear. ESMA is furthermore aware of the distinction between scrutiny and review, as also explained in paragraphs 13 and 14 of the Consultation Paper.

- Paragraph 909c: Lastly, ESMA reiterates its view on the treatment of annual and half-yearly financial reports included in the URD as set out in paragraph 83 of the Consultation Paper: The fact that the annual or half-yearly financial report is included in the URD does not change the issuer’s obligation to ensure that all information included therein is compliant with the legal requirements of the TD and the TD NCA’s responsibility for the supervision and enforcement of this information. As such, the URD is only the vehicle for the publication of the annual and half-yearly financial reports and these should not be subject to further scrutiny by the prospectus NCA over and above that to which they would be subject if these reports were included or incorporated by reference in the prospectus.

Annex I: List of respondents

1	ESMA Securities and Markets Stakeholder Group
	Banking
2	ABN AMRO Clearing Bank N.V.
3	Association for Financial Markets in Europe
4	Austrian Federal Economic Chamber, Division Bank and Insurance
5	BNP Paribas
6	Deutsche Bank
7	Die Deutsche Kreditwirtschaft
8	European Association of Co-operative Banks
9	European Savings and Retail Banking Group
10	Finance Denmark
11	French Banking Federation
12	Italian Banking Association
	Investment services
13	AMAFI
14	Association francaise de la gestion financière (AFG)
15	Swedish Securities Dealers Association
16	THE BANK OF NEW YORK MELLON
	Investor associations
17	BETTER FINANCE
18	European Investors' Association
	Issuers
19	Air Liquide
20	L'Oréal
21	Lysogene

22	Orange
23	Repsol S.A.
24	Sanofi
25	Société Générale
26	SpineGuard
27	Total SA
	Issuer associations
28	AFEP
29	Assonime
30	Association Nationale des Sociétés par Actions – ANSA
31	Association of capital market oriented small and medium-sized enterprises (“Interessenverband kapitalmarktorientierter kleiner und mittlerer Unternehmen” (KMU))
32	Deutsches Aktieninstitut e.V.
33	European Issuers
34	France Biotech
35	German Derivatives Association (DDV)
36	Medef
37	Quoted Companies Alliance
38	Stichting Obligatiehoudersbelangen
	Legal and accountancy
39	Accountancy Europe
40	ADB
41	AK Peter Jedinák s.r.o.
42	Arthur Cox
43	ASSIREVI
44	Association of Danish Lawfirms
45	BDO LLP
46	CNCC – Compagnie Nationale des Commissaires aux Comptes
47	Darrois Villey Maillot Brochier AARPI

48	De Brauw Blackstone Westbroek
49	Deloitte
50	DLA Piper Studio Legale Tributario Associato
51	Ernst & Young LLP
52	FSR – Danish Auditors
53	Heuking Kühn Lüer wojtek
54	ICAEW
55	Institut der Wirtschaftspruefer in Deutschland e.V. (IDW)
56	Joint Working Party of the Law Society and City of London Law Society
57	KPMG EMA
58	Maviglia & Partners Studio Legale Associato
59	Nicox SA
60	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
61	Shearman & Sterling LLP
62	STARKE.recht GmbH
	Regulated markets, exchanges and trading systems
63	Euronext
64	Federation of European Securities Exchanges (FESE)
65	Irish Stock Exchange
66	LSEG
67	Nasdaq
68	The Association of Investment Companies
	Others
69	BVI
70	CFA Institute
71	CNMV Advisory Committee
72	European Central Bank
73	EPPF - European Private Placement Facility
74	Global Legal Entity Identifier Foundation (GLEIF)

75	IDSA
76	International Capital Market Association (ICMA)
77	Moody's Investors Service Ltd.
78	SFAF

Annex II: Request for technical advice

REQUEST TO ESMA FOR TECHNICAL ADVICE ON POSSIBLE DELEGATED ACTS CONCERNING THE REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET

(UPDATED 26.01.2018)

With this mandate to ESMA, the Commission seeks ESMA's technical advice on possible delegated acts to supplement certain elements of the Regulation of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Regulation**")[1]. These delegated acts should be adopted in accordance with Article 290 of the Treaty of the Functioning of the European Union (TFEU).

The Commission reserves the right to revise and/or supplement this mandate. The technical advice received on the basis of this mandate should not prejudge the Commission's final policy decision.

The mandate follows the Communication from the Commission to the European Parliament and the Council – Implementation of Article 290 of the Treaty on the Functioning of the European Union (the "**290 Communication**")[2], the Regulation of the European Parliament and the Council establishing a European Securities and Markets Authority (the "**ESMA Regulation**")[3], and the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on better law-making (the "**Interinstitutional Agreement**")[4].

This request for technical advice will be made available on DG FISMA's website once it has been sent to ESMA.

The formal mandate consists of two parts.

Part I

The technical advice for the following delegated acts should be received by the Commission within 13 months following the receipt of this mandate:

a) The measures specifying the criteria for the scrutiny and review of the universal registration document and any amendments thereto, and the procedures for the approval and filing of those documents as well as the conditions under which the status of frequent issuer is lost (Article 9(14) of the Regulation);

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1 Reference is made to the text approved by the European Parliament on 5 April 2017 and adopted by the Council on 16 May 2017 (http://data.consilium.europa.eu/doc/document/PE-63-2016-INIT/en/pdf).

2 Communication of 9.12.2009. COM (2009) 673 final.

3 Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC. OJ L331/84, 15.12.2010, p.84.

4 Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, OJ L123/1, 12.05.2016, p.1.

b) The measures specifying the format of the prospectus, the base prospectus and the final terms, and the schedules defining the specific information which must be included in a prospectus, including LEIs and ISINs (Article 13(1) of the Regulation);

c) The measures setting out the schedule defining the minimum information contained in the universal registration document (Article 13(2) of the Regulation);

d) The measures specifying the reduced information to be included in the schedules applicable under the simplified disclosure regime for secondary issuances (Article 14(3) of the Regulation);

e) The measures specifying the reduced content and standardised format and sequence for the EU Growth prospectus, as well as the reduced content and standardised format of its specific summary (Article 15(2) of the Regulation);

f) The measures specifying the criteria for the scrutiny of prospectuses, in particular the completeness, comprehensibility and consistency of the information contained therein, and the procedures for the approval of the prospectus (Article 20(11) of the Regulation).

Part II

The technical advice for the following delegated acts should be received by the Commission within 18 months following the receipt of this mandate:

g) The measures setting out the minimum information content of the documents referred to in points (f) and (g) of paragraph 4 and points (e) and (f) of the first subparagraph of paragraph 5 of Article 1 (documents containing minimum information describing a takeover by way of exchange offer, a merger or a division) (Article 1(7) of the Regulation);

h) The measures establishing general equivalence criteria, based on the requirements laid down in Articles 6, 7, 8 and 13 (equivalence of information requirements imposed by third countries) (Article 29(3) of the Regulation).

***

The European Parliament and the Council have been duly informed about this mandate.

The powers of the Commission to adopt delegated acts are subject to Article 44 of the Prospectus Regulation.

1. CONTEXT

1.1 Scope

On 30 November 2015, the Commission published its proposal for a Regulation on the prospectus to be published when securities are offered to the public or admitted to trading. On 7 December 2016 the European Parliament and the Council reached political agreement on a compromise text of the Regulation. This compromise text was endorsed by the COREPER on 20 December 2016 and approved by the ECON Committee of the European Parliament on 25 January 2017.

The main objectives of the Regulation are to reduce the administrative burden for issuers when drawing up a prospectus, in particular for SMEs, frequent issuers of securities and secondary issuances; to make the prospectus a more relevant disclosure tool for potential investors, especially when investing in SMEs; and to avoid overlaps between the EU prospectus and other EU disclosure rules.

Certain elements of the Regulation need to be further specified in delegated acts to be adopted by the Commission no later than 18 months after the entry into force of the Regulation.

The Regulation emphasizes a number of high level principles and objectives the Commission should take into account when exercising its delegated powers, in particular as regards investor protection, transparency in financial markets, proportionality, innovation in financial markets, reduction of administrative burden and cost and easier access to capital markets for issuers, including SMEs[5].

1.2 Principles that ESMA should take into account

In developing its technical advice, ESMA should take account of the following principles:

- **Lamfalussy:** The principles set out in the de Larosière Report and the Lamfalussy Report and mentioned in the Stockholm Resolution of 23 March 2001.
- **Internal Market:** The need to ensure the proper functioning of the internal market and to improve the conditions of its functioning, in particular with regards to the financial markets, and a high level of investor protection.
- **Proportionality:** The technical advice should not go beyond what is necessary to achieve the objectives of the Regulation. It should be simple and avoid creating divergent practices by national competent authorities in the application of the Regulation.
- **Comprehensive:** ESMA should provide comprehensive advice on all subject matters covered by the mandate regarding the delegated powers included in the Regulation.
- **Coherent**: While preparing its advice, ESMA should ensure coherence within the wider regulatory framework of the Union.
- **Autonomy in working methods**: ESMA will determine its own working methods, including the roles of ESMA staff or internal committees. Nevertheless, horizontal questions should be dealt with in such a way as to ensure coherence between different strands of work being carried out by ESMA.

[5] See Recital 83.

- **Consultation**: ESMA is invited to consult market participants (practitioners, consumers and end-users) in an open and transparent manner. ESMA should provide advice which takes account of different opinions expressed by the market participants during their consultation. ESMA should provide a feed-back statement on the consultation justifying its choices vis-à-vis the main arguments raised during the consultation.
- **Evidenced and justified**:
  ESMA should justify its advice by identifying, where relevant, a range of technical options and undertaking an evidenced assessment of the costs and benefits of each. The results of this assessment should be submitted alongside the advice to assist the Commission in preparing its delegated acts. Where administrative burdens and compliance costs on the side of the industry could be significant, ESMA should where possible quantify these costs.

  ESMA should provide sufficient factual data backing the analyses and gathered during its assessment. To meet the objectives of this mandate, it is important that the presentation of the advice produced by ESMA makes maximum use of the data gathered and enables all stakeholders to understand the overall impact of the possible delegated acts.

  ESMA should provide comprehensive technical analysis on the subject matters described below, covered by the delegated powers included in the relevant provisions of the Regulation, in the corresponding recitals as well as in the relevant Commission's request included in this mandate.

- **Clarity**: The technical advice carried out should contain sufficient and detailed explanations for the assessment done, and be presented in an easily understandable language respecting current legal terminology used in the field of securities markets and company law at European level.
- **Advice, not legislation**: ESMA should provide the Commission with a clear and structured text, accompanied by sufficient and detailed explanations for the advice given, and which is presented in an easily understandable language respecting current terminology used in the field of securities markets in the Union.
- **Responsive**: ESMA should address to the Commission any question it might have concerning the clarification on the text of the Regulation, which it should consider of relevance to the preparation of its technical advice.

2. PROCEDURE

The Commission requests the technical advice of ESMA for the purpose of the preparation of the delegated acts to be adopted pursuant to the legislative act and described in section 3 of this mandate.

The Commission reserves the right to revise and/or supplement this mandate if needed. The technical advice received on the basis of this mandate should not prejudge the Commission's final decision.

The mandate follows the Communication from the Commission to the European Parliament and the Council – Implementation of Article 290 of the Treaty on the Functioning of the European Union (the "**290 Communication**"), the Regulation of the European Parliament and the Council establishing a European Securities and Markets Authority (the "**ESMA**

Regulation"), and the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on better law-making (the "**Interinstitutional Agreement**").

The European Parliament and the Council have been duly informed about this mandate.

After the delivery of the technical advice by ESMA, in accordance with the Annex to the Interinstitutional Agreement, signed on 13 April 2016, the Commission will continue to consult experts designated by the Member States in the preparation of draft delegated acts.

In accordance with the Annex to the Interinstitutional Agreement, the Commission services will state the conclusions they have drawn from the discussions of any meeting with Member States' experts on draft delegated acts, including how they will take the experts' views into consideration and how they intend to proceed. When they consider this necessary, the European Parliament and the Council may each send experts to these meetings.

The powers of the Commission to adopt delegated acts are subject to Article 44 of the Prospectus Regulation.

When preparing and drawing up the delegated act, the Commission will ensure a timely and simultaneous transmission of all documents, including the draft acts, to the European Parliament and the Council at the same time as Member States' experts.

As soon as the Commission adopts delegated acts, it will simultaneously notify to the European Parliament and the Council.

3. ISSUES ON WHICH ESMA IS INVITED TO PROVIDE TECHNICAL ADVICE

3.1 The format of the prospectus, the base prospectus and the final terms, and the schedules defining the specific information which must be included in a prospectus (Article 13(1) of the Regulation)

Since Directive 2003/71/EC (the Prospectus Directive) will be repealed when the Prospectus Regulation comes into application, so will Regulation (EU) No 809/2004 and all the schedules and building blocks it contains. It is therefore necessary to establish a new and complete set of disclosure schedules for different types of securities and issuers.

ESMA is invited to reassess whether the information items currently required in the existing schedules and building blocks are still fit for purpose, provide benefits to investors that are commensurate with their associated cost, or whether they should be deleted. ESMA should also reassess the general order of presentation of the information items, based on the experience gained by competent authorities.

- ESMA is invited to provide technical advice on the format of the prospectus and the schedules defining the specific information which must be disclosed in a prospectus.

- ESMA should follow the "building block approach" established by Regulation (EU) No 809/2004, distinguishing between the schedules for registration documents and those for securities notes, as well as any other appropriate building blocks.

- Specific schedules should be established for different types of securities (shares, non-equity securities with a denomination per unit above or below 100 000 EUR, asset-backed securities, depositary receipts on shares, units or shares of closed-ended collective investment undertakings). In a spirit of simplification, ESMA could explore ways to streamline these schedules in order to reduce the overall number of annexes compared to those currently included in Regulation (EU) No 809/2004.

- ESMA should evaluate whether specific schedules should be established for certain types of issuers such as issuers with a complex financial history, issuers which have made a significant financial commitment, or so-called "specialist issuers". If ESMA concludes that specific schedules are needed for some or all of such types of issuer, it should provide technical advice accordingly.

- ESMA is invited to carry forward the disclosure items currently required by Regulation (EU) No 809/2004 into the new schedules only once it has verified that they represent an appropriate balance between investor protection and cost to the issuers. For example, when disclosed in a prospectus, profit forecasts or estimates (Items 13.2 of Annexes I and X, 9.2 of Annex IV, and 8.2 of Annex XI of Regulation (EU) No 809/2004) must currently be accompanied by a report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer. ESMA is invited to consider the effects of repealing such requirement by assessing the benefits of such report to investors against the cost this entails for issuers to have them produced.

- When drafting the required minimum information items of the prospectus schedules, ESMA should ensure consistency and adequate alignment with the disclosure requirements of other pieces of EU legislation, like Directive 2004/109/EC (TD) and Directive 2013/34/EU[6], so that issuers may easily incorporate by reference in their prospectus all or parts of the content of documents required under those acts (e.g. management reports, corporate governance statements, remuneration reports). In this respect, ESMA is asked to revisit the drafting of the section on the operating and financial review to ensure that the corresponding contents of the issuer's management report

[6] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

drawn up under Directive 2004/109/EC can easily be incorporated by reference in that section of the prospectus.

- ESMA is also invited to provide technical advice on the format of the base prospectus and the final terms. In that context, ESMA should preserve the flexibility of the base prospectus regime and aim to considerably decrease compliance costs for issuers using base prospectuses.

- To ensure a consistent application of the Regulation across the Union, ESMA is asked to carry forward in its advice the principles currently laid out in Regulation (EU) No 809/2004 whereby issuers are entitled to include additional information going beyond the information items of the schedules and building blocks, while competent authorities may not require that a prospectus contain information items which are not included in such schedules and building blocks.

3.2 The schedule defining the minimum information contained in the universal registration document (Article 13(2) of the Regulation)

The universal registration document (URD) is designed as an optional shelf registration for companies that expect to frequently issue securities ("frequent issuers"). It is based on the premise that an issuer that draws up, every year, a complete registration document in the form of a URD should benefit from a fast-track approval (5 working days, instead of 10) when the competent authority approves a prospectus consisting of separate documents.

The logic behind the URD is to grant procedural alleviations to those issuers that intend to have frequent recourse to capital markets and choose to commit to draw up a URD every year. In exchange, those issuers will be able to swiftly seize market opportunities.

A URD functions as a registration document that can be used by issuers to offer securities, irrespective of their type (shares, debt, derivatives) or of the nature of the issuer (large company or SME). It follows that the content of a URD must be aligned with the disclosure standard for a share registration document and should be similar, in terms of the range of information covered, to what would be required in the context of an initial public offering on a regulated market.

A URD should be a comprehensive source of reference for investors, consolidating in one single document all information investors may need to know about a particular issuer, and avoiding duplicative disclosures by issuers. The Regulation allows frequent issuers to use the URD as a medium to publish the periodic information required by Directive 2004/109/EC (Transparency Directive).

- ESMA is invited to provide technical advice on the schedule defining the minimum information to be contained in the URD, taking into account recitals 39 to 45 of the Regulation. ESMA should base its work on the disclosure standard appropriate for a share registration document.

- When establishing the schedule defining the content of the URD, ESMA is asked to ensure that the information items that correspond to the content of the annual financial report and half-yearly financial report required under the Transparency Directive (historical financial information, operating and financial review, corporate governance) are drafted in a way that is aligned as much as possible with the relevant parts of Directive 2004/109/EC and Directive 2013/34/EU, enabling frequent issuers to incorporate such information by reference or to disclose them directly in the URD according to the arrangements set out in Article 9(12) and (13) of the Regulation.

3.3 The reduced information to be included in the schedules applicable under the simplified disclosure regime for secondary issuances (Article 14(3) of the Regulation)

A new alleviated prospectus regime will apply for issuers which have had securities admitted to trading on a regulated market or an SME growth market continuously for at least 18 months. When proceeding with a secondary issuance, such issuers will have the option to draw up a simplified prospectus taking into account the information they have already disclosed to the market on an ongoing basis under Regulation (EU) No 596/2014 (MAR)[7], and where applicable, under Directive 2004/109/EC (TD) or the market rules of the SME growth market.

Issuers who opt to draw up this simplified prospectus are subject to a distinct "disclosure test", set out in Article 14(2) of the Regulation. This article defines the reduced information they are expected to disclose and clarifies that the simplified prospectus should be an autonomous document enabling investors to make an informed investment decision based on a more limited and focused set of relevant information. Recital 48 highlights that the rationale for simplifying the content of the prospectus: information already made available to investors by the issuer under its ongoing disclosure obligations (MAR and TD) need not be repeated in the prospectus.

[7] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance.

- ESMA is invited to provide technical advice on the schedules applicable under the simplified disclosure regime for secondary issuances, taking into account recitals 48 to 50 of the Regulation. ESMA should develop specific draft schedules for both registration documents and securities notes, at least for shares and debt securities. When defining the information items of these schedules, ESMA shall take into account ongoing disclosure requirements of TD and MAR that would enable investors to have access to such items elsewhere than in a prospectus.

- ESMA is invited to clarify what form the concise summary of the relevant information disclosed under Regulation (EU) No 596/2014 (MAR) over the past 12 months[8] should take in order for issuers to adequately inform their potential investors in a relevant and cost-efficient way, without merely repeating the contents of previous disclosures made under MAR.

3.4 The content, format and sequence of the EU Growth prospectus including its specific summary (Article 15(2) of the Regulation)

The EU growth prospectus is designed for offers of securities by three types of issuers: SMEs, companies traded on SME growth markets as long as their market capitalization does not exceed 500M€ and unlisted companies with less than 499 employees that raise below 20M€[9] (jointly referred to as "SMEs and midcaps"). The EU growth prospectus is optional and cannot be used for an admission to trading on a regulated market.

The EU growth prospectus aims at facilitating access to financing on capital markets and reducing the administrative costs of raising capital for SMEs and midcaps. Its information content should be reduced compared to the prospectus used by issuers admitted to regulated markets, without compromising investor protection.

- ESMA is invited to identify the minimum disclosure requirements of the EU growth prospectus and to define the order of presentation of such disclosures (referred to as "sequence" in Article 15(2)).

- ESMA should adopt a "bottom-up approach" and avoid taking the existing Annexes of Regulation (EC) No 809/2004 as a starting point. This means that the exercise should not consist in identifying information which could be omitted from a full prospectus. Instead, ESMA should devise a new, substantially alleviated standard of disclosure from scratch without being guided by the content and format of the prospectus which applies to issuers on regulated markets. In particular, ESMA should take as a benchmark the content of admission documents required by markets where the prospectus obligation does not apply, e.g. the rules of MTFs that cater for SMEs and midcaps.

[8] Referred to in letter (c) of the second subparagraph of Article 14(3) of the Regulation.
[9] As defined in Regulation (EU) 2015/1017 on the European Fund for Strategic Investments.

- When calibrating the content of the EU growth prospectus, ESMA should aim to ensure that SMEs and midcaps are obliged to disclose sufficient information on their strategy and prospects to allow investors to take an investment decision. ESMA should not propose information items which would imply high costs for SMEs with only a low corresponding added value for investors (e.g. items involving statements by independent accountants or auditors).

- There should be a tangible difference between the reduced content of the EU growth prospectus and the content of the prospectus which applies to issuers on regulated markets.

- ESMA should develop specific draft schedules for both registration documents and securities notes, based on the high-level outlines featured in Annexes IV and V of the Regulation. Schedules should be developed at least for shares, debt and derivatives.

- ESMA should develop the minimum disclosure requirements for the EU Growth prospectus, following a standardized sequence.

- To make it easy for SMEs and midcaps to draw up an EU growth prospectus, ESMA should aim to create schedules and headings that allow SMEs to prepare their prospectus with no or little external advice, if they wish to do so.

- ESMA is also invited to advise the Commission on the content and standardized format applying to the specific summary of an EU growth prospectus. Such content should be a considerably shorter version of the summary set out in Article 7, and should not include the key information corresponding to disclosure items which are not required in the EU growth prospectus.

3.5 The criteria for the scrutiny of prospectuses and URDs and the procedures for their approval (Articles 9(14) and 20(11) of the Regulation)

The decision of the competent authority to approve a prospectus involves analysis of, and changes to, the draft prospectus on the part of the issuer to ensure that the prospectus meets the requirement of completeness, consistency and comprehensibility.

The reform of the EU prospectus regime aims to create a single rulebook that ensures a coherent implementation throughout the EU. The practices of competent authorities concerning scrutiny and approval should be aligned so as to avoid supervisory forum shopping.

A swift and efficient scrutiny of prospectuses is conducive to facilitating fundraising on capital markets, allowing issuers to seize market windows speedily.

- ESMA is invited to provide technical advice on the criteria for the scrutiny of prospectuses, in particular the completeness, comprehensibility and consistency of the information contained therein, and the procedures for the approval of the prospectus.

- ESMA's technical advice is expected to accommodate a proportionate approach by competent authorities in the scrutiny of prospectuses based on the specific circumstances of the issuer and the issuance.

- Commission Delegated Regulation (EU) 2016/301 of 30 November 2015 specifies the requirements regarding the procedures for approval of prospectuses. Since that Regulation will cease to apply when the new Prospectus Regulation comes into application, ESMA is invited to incorporate the content of that Regulation, bearing in mind that some of the requirements of that Regulation have already been introduced in the Prospectus Regulation.

- With respect to scrutiny and approval, ESMA is invited to provide technical advice that is the same for both URDs and prospectuses. This is without prejudice to ESMA's technical advice on the procedures for the filing and (ex-post) review of URDs and on the conditions where the status of frequent issuer is lost.

3.6 The procedures for the filing of the URD, the criteria for the review of the URD and the conditions under which the status of frequent issuer is lost (Article 9(14) of the Regulation)

After a frequent issuer has had a URD approved by a competent authority for two consecutive financial years, subsequent URDs may be filed with the competent authority without prior approval. Following such filing, the competent authority may, at any time, review the contents of a filed URD and of any amendments thereto. The Regulation acknowledges that it is up to competent authorities to decide if and when such ex-post review should be carried out. As indicated in Recital 40, each competent authority may decide the frequency of such review taking into account its assessment of the risks of the issuer, the quality of its past disclosures, or the length of time elapsed since a filed URD has been last reviewed.

In essence, the scrutiny and the review of a URD should involve the same kind of work from a competent authority (checking the completeness, the consistency and the comprehensibility of the information given in the universal registration document and amendments thereto), the only difference being that scrutiny occurs ex ante, before the approval of a URD, whilst a review occurs ex post, following the filing of a URD and subject to a decision of the competent authority to conduct such a review.

The status of frequent issuer is gained from the moment an issuer submits its first URD for approval to the competent authority. Yet, due to the conditions set out in Article 9(11) of the Regulation, such status may be challenged at various points in time thereafter. Indeed, upon each filing or submission for approval of a URD, and every time an application for approval of a prospectus consisting of separate documents (including a URD) is made, the provision of certain statements and, where applicable, amendments to the URD will be required for such a frequent issuer to keep its status and benefit from the fast-track approval.

- ESMA is invited to provide technical advice on the procedures for the filing and the criteria for the review of the URD and the conditions under which the status of frequent issuer is lost.

- In doing so, ESMA should take into account the fact that the objectives and criteria of the ex-post review of URD are aligned with those of an ex-ante scrutiny and relate to the completeness, the consistency and the comprehensibility of the information provided by the issuer.

3.7 The minimum information content of documents describing a merger or a takeover by way of exchange offer (Article 1(7) of the Regulation)

Points (f) and (g) of Article 1(4) and points (e) and (f) of the first subparagraph of Article 1(5) of the Regulation grant a prospectus exemption where the following securities are either offered to the public or admitted to trading on a regulated market (or both):

- securities offered in connection with a **takeover** by means of an exchange offer,
- securities offered, allotted or to be allotted in connection with a **merger or division**.

Such an exemption is conditional on a document being made available to the public containing information "*describing the transaction and its impact on the issuer*".

This represents an alleviation compared to the corresponding exemptions of Directive 2003/71/EC – set out in points (b) and (c) of Article 4(1) and points (c) and (d) of Article 4(2) of that Directive – where the precondition to be fulfilled was that a document be available containing information "*which is regarded by the competent authority as being equivalent to that of a prospectus*".

The Commission notes that the information provided to the public in the context of takeovers and mergers, as well as the way such information is controlled by competent authorities, is prescribed in national corporate laws, including laws implementing Directive 2004/25/EC on takeover bids[10]. The implementing measures to be taken by the Commission in that field under the empowerment of Article 1(7) are therefore not intended to interfere with these laws, and their focus should be limited to ensuring a minimum harmonisation of these documents for the purpose of applying the exemption granted in points (f) & (g) of Article 1(4) and points (e) & (f) of the first subparagraph of Article 1(5) of the Regulation, without prejudice to the ability of national laws to require more information from issuers involved in takeovers and mergers for other purposes (including supplying adequate information to existing shareholders in the context of a vote in an annual general meeting).

[10] Article 6(2) of that Directive requires the initiator of a bid to submit to its competent authority "*an offer document containing the information necessary to enable the holders of the offeree company's securities to reach a properly informed decision on the bid*", before making such offer document public. Such an offer document may be subject to the prior approval of the competent authority. Article 6(3) of that Directive prescribes a minimum content for such offer document.

- ESMA is invited to provide technical advice on the minimum information content of the documents referred to in points (f) and (g) of paragraph 4 and points (e) and (f) of the first subparagraph of paragraph 5 of Article 1, taking into account recital 16 of the Regulation. In particular, ESMA is invited to define how the impact of the transaction on the issuer should be presented in such documents.

3.8 General equivalence criteria for prospectuses drawn up under the laws of third countries (Article 29(3) of the Regulation)

Issuers domiciled in a third country may only carry out an offer of securities to the public or an admission to trading on a regulated market in the EU using a prospectus drawn up under the laws of that third country provided that the Commission has taken a decision stating that the information requirements contained in the laws of such third country are equivalent to the information requirements of the Prospectus Regulation (an "equivalence decision").

Such issuers can then elect a home Member State, among those allowed under Article 2 (m) (ii) and (iii) of the Regulation. Provided it has concluded cooperation arrangements with the relevant supervisory authorities of the third country, the competent authority of this home Member State can then approve the prospectus drawn up under the laws of that third country. Such a prospectus is subject to the language rules of the Regulation and can benefit from the EU passport.

An equivalence decision by the Commission must rely on general equivalence criteria based on the requirements of the Regulation applying to the general disclosure test (Article 6), the summary (Article 7), the base prospectus (Article 8) and the minimum information and format of registration documents and securities notes (Article 13).

- ESMA is invited to provide technical advice on general equivalence criteria to guide future assessments of national laws of third countries in relation to disclosures when securities are either offered to the public or when an admission to trading on a regulated market is sought. These criteria should reflect the requirements laid down in Articles 6, 7, 8 and 13 of the Prospectus Regulation.

- As regards the general equivalence criteria reflecting Article 13 of the Regulation, the Commission does not expect ESMA to proceed schedule by schedule. Instead, ESMA should focus on the minimum content and format of prospectuses for equity securities and for non-equity securities (potentially distinguishing between debt and derivatives).

4. INDICATIVE TIMETABLE

This mandate takes into consideration the expected date of application of the Regulation, that ESMA needs enough time to prepare its technical advice, and that the Commission needs to

adopt the delegated acts in accordance with Article 290 of the TFEU. The powers of the Commission to adopt delegated acts are subject to Article 44 of the Regulation.

The delegated acts provided for by the Regulation and addressed under **points 3.1 to 3.6** of this mandate should be adopted no later than 18 months following the entry into force of the Regulation. Therefore the deadline set to ESMA to deliver the technical advice is **thirteen (13) months** after the date of receipt of this mandate, i.e. 31 March 2018.

The Regulation does not envisage any deadline for the adoption of the delegated acts addressed under **points 3.7 and 3.8** of this mandate. Therefore, the Commission asks ESMA to deliver its technical advice on these two items:

- by 31 March 2019 for the delegated act referred to under points 3.7 (i.e. twenty five (25) months after the date of receipt of this mandate);

- by 31 August 2019 for the delegated act referred to under points 3.8 (i.e. thirty (30) months after the date of receipt of this mandate).

Indicative timetable for the delegated acts referred to in points 3.1 to 3.6

Deadline	Action
20 July 2017	Date of entry into force of the Regulation (twentieth day following that of its publication in the Official Journal of the European Union)
March 2018 (13 months after date of receipt of the request)	ESMA provides its technical advice on **points 3.1 to 3.6**.
Until June 2018	Preparation of the draft delegated acts by Commission services on the basis of the technical advice by ESMA. The Commission will consult with experts appointed by the Member States within the Expert Group of the European Securities Committee (EG ESC) on the draft delegated acts.
Until October 2018	Translation and adoption procedure of draft delegated acts.
Until April 2019	Objection period for the European Parliament and the Council (three months which can be extended by another three months)
21 July 2019 (24 months after entry into force)	Date of application of the Prospectus Regulation and delegated acts.

Annex III: Cost-benefit analysis

1. Executive summary

Reasons for publication

Regulation (EU) 2017/1129 was published in the Official Journal of the European Union on 30 June 2017 and entered into force on 20 July 2017. The European Commission ('Commission') has requested ESMA to deliver technical advice in relation to a number of delegated acts which the Commission is required to adopt (the Commission's request to ESMA is presented in Annex II of this Final Report).

The cost-benefit analysis ('CBA') aims to provide the reader with an overview of findings with regard to the potential impacts of the proposed draft technical advice.

Contents

Section 2 introduces the CBA by describing the Commission's request for ESMA to provide technical advice and explaining the nature of the CBA along with its structure.

Section 3 analyses the costs and benefits connected with the technical advice on the format and content of the prospectus (3.1.), the technical advice on the EU Growth prospectus (3.2.) and the technical advice on scrutiny and approval of the prospectus (3.3.).

2. Introduction

This CBA has been developed in order to assist in the finalisation of the technical advice which the Commission has requested ESMA to deliver under the Prospectus Regulation. The present Final Report covers technical advice in relation to the following topics:

- the format and content of the prospectus;
- the EU Growth prospectus; and
- scrutiny and approval of the prospectus.

The CBA aims at assessing the impact of the above technical advice on various stakeholders. Problem identification and analysis of market/regulatory failure have been undertaken by the Commission at Level 1 and therefore do not need to be undertaken in the present paper.

The technical advice provided by ESMA is analysed by way of making reference to a baseline scenario under which only the Level 1 rules would apply. Therefore, the costs and benefits identified are those which would be caused by the marginal changes to the legislative regime if ESMA's technical advice were to be adopted by the Commission without amendments.

3. Analysis of proposed measures

3.1. Technical advice on format and content

These provisions are drawn up in response to the Commission's request for technical advice in relation to a number of mandates that ESMA received in connection to the format and content of prospectuses and URDs.

In particular, ESMA was asked to identify:

1. The measures specifying the format of the prospectus, the base prospectus and the final terms, and the schedules defining the specific information which must be included in a prospectus;
2. The measures setting out the schedule defining the minimum information contained in the universal registration document;
3. The measures specifying the reduced information to be included in the schedules applicable under the simplified disclosure regime for secondary issuances.

As set out in Level 1, and as mentioned by the Commission in its request for technical advice (please refer to Annex II), this part of the mandate reflects the new Prospectus Regulation's aim to reduce the administrative burden for issuers when drawing up a prospectus, in particular for frequent issuers of securities and secondary issuances as well as to make the prospectus a more relevant disclosure tool for potential investors and reduce overlap between the EU prospectus and other EU disclosure rules.

ESMA published a Consultation Paper[1] in July 2017 in relation to format and content of the prospectus. In addition to setting out a draft of the technical advice to be delivered to the Commission, the Consultation Paper contained a number of questions, including a number of questions in relation to the likely costs and benefits of the proposed technical advice. ESMA requested respondents to provide input of both a qualitative and a quantitative nature and responses in this regard are summarised under the Questions of Section 3.1 of this Final Report. ESMA did not receive any quantitative input to these questions, and the below CBA is therefore of a purely qualitative nature.

As the advice covers a long list of amendments to the existing format and structure of the prospectus, the following analysis focuses on some key elements that might generate material costs and that as such have been specifically addressed by most responses to the consultation.

3.1.1. Inclusion of a cover note

In this section, ESMA analyses the possible approaches to the inclusion and length of a cover note. The section starts by clarifying the policy objective of the overall technical advice and then goes on to identify two options. The section then examines the costs and benefits of both Option 1 and 2 in order to provide background reasoning for the decision to pursue Option 2.

3.1.1.1. Technical options

Policy objective	Making sure that the use of a cover note is consistent across different markets and it does not run the risk to obscure the content of the prospectus as well as the summary, at the detriment of investor protection.
Option 1	Mandatory cover note (with page limit)
Option 2	Non-mandatory cover note (with page limit)
Preferred option	Option 2

[1] Consultation Paper on technical advice on the format and content of the prospectus (ESMA31-62-532).

3.1.1.2. Cost-benefit analysis

Option 1: Mandatory cover note with page limit	
	Qualitative description
Benefits	The use of a cover note would reflect market practice and guarantee consistency across prospectuses, thereby ensuring full comparability of information across different EU markets and issuers. A page limit also ensures that the cover note does not obscure the rest of the document.
Compliance costs	This provision might imposed some compliance costs on those issuers that do not currently insert a cover note at the beginning of their prospectus. The imposition of a size limit should not materially affect issuers' ability to include the necessary information.

Option 2: Non-mandatory cover note with page limit	
	Qualitative description
Benefits	This option has the benefit of preserving flexibility for issuers, which can freely choose to include or not a cover note in their prospectus. Should they choose to do that, a page limit ensures that the cover note does not obscure the rest of the document.
Compliance costs	Compliance costs appear negligible as the flexibility of issuers to follow market practice is preserved. The imposition of a size limit should not materially affect issuers' ability to insert the necessary information.

3.1.2. Alleviation on accounting disclosure requirements for wholesale debt issuers

This section examines the proposal to alleviate accounting disclosure requirements for wholesale debt issuers, by leveraging on already existing information. Again, the section starts by clarifying the policy objective and then goes on to identify two options on this element of the advice. Following this it analyses the costs and benefits of both options, thereby providing background for ESMA's decision to follow Option 1.

3.1.2.1. Technical options

Policy objective	Alleviate accounting disclosure requirements for wholesale debt issuers.
Option 1	Removing the requirement to restate one year of previously published financial statements when moving to IFRS.
Option 2	Maintain current requirements (status quo).
Preferred option	Option 1.

3.1.2.2. Cost-benefit analysis

Option 1: Removing the requirement to restate one year of previous published financial statements when moving to IFRS	
	Qualitative description
Benefits	This option materially reduces costs for issuers as they do not need to pay auditor fees for restating one year of previous financial statements. Audit fees clearly depend on the size of the business but are generally significant.
Costs to other stakeholders	Investors may bear some costs in terms of reduced comparability of different years of financial accounts.

Option 2: Maintain current requirements	
	Qualitative description
Benefits	Maintaining current requirements would guarantee that more information is available to the market.
Compliance costs	Auditor costs for restating one year of previous financial statements can be significant.

3.1.3. Disclosure requirements on profit forecasts/estimates

In this section, ESMA outlines the policy objectives underpinning the potential technical options related to the technical advice on the format and content of the prospectus, which concerns the inclusion of outstanding profit forecasts/estimates. Currently, the Commission Regulation requires the inclusion of outstanding profit forecasts/estimates for equity issuances

and the issuer may, having considered whether the information is material or not, include on a voluntary basis such profit forecasts/estimates for retail and wholesale debt. As illustrated by the analysis of the costs and benefits connected with each option, ESMA has selected to pursue Option 1.

3.1.3.1. Technical options

Policy objective	Limit the inclusion of outstanding profit forecasts/estimates in the prospectus to those cases in which this is most relevant for investors.
Option 1	Include outstanding profit forecasts/estimates in the case of equity issuances, without the auditor report.
Option 2	Include outstanding profit forecasts/estimates in the case of equity and retail debt issuances only, together with the auditor report.
Preferred option	Option 1.

3.1.3.2. Cost-benefit analysis

Option 1: Include outstanding profit forecasts/estimates in the case of equity issuances, without the auditor report	
	Qualitative description
Benefits	This option limits disclosure to the case of equity, where it is deemed most relevant to investors, thereby alleviating burdens for the market while preserving investor protection.
Compliance costs	Compliance costs are reduced significantly as issuers do not need to pay auditor fees, which can be significant. Furthermore, issues benefit from lower costs related to the publication of profit forecasts/estimates.
Costs to other stakeholders	Investors may have a less immediate access to this information and therefore a lower understanding of the prospects of the issuer.

Option 2: Include outstanding profit forecasts/estimates in the case of equity and retail debt issuances, together with the auditor report	
	Qualitative description
Benefits	This approach ensures broad and direct availability of information to investors, thereby facilitating their awareness and in turn investor

	protection. This benefit is mitigated by the fact that profit forecasts/estimates are of limited use to investors in debt securities, even if retail.
Compliance costs	Compliance costs for issuers are only marginally reduced when compared to the status quo, in particular as issuers would still need to pay auditor fees and publish the outstanding profit forecasts/estimates in most cases.

3.1.4. New requirements for credit-linked securities

This section examines the proposal to extend disclosure requirements on the reference entity (or issuer of a reference obligation) for credit-linked securities, by leveraging on already existing information. Again, the section starts by clarifying the policy objective and then goes on to identify two options on this element of the advice. Following this it analyses the costs and benefits of both options, thereby providing background for ESMA's decision to follow Option 1.

3.1.4.1. Technical options

Policy objective	Extend disclosure requirements on the reference entity (or issuers of reference obligations) for credit linked securities when necessary to ensure investor protection.
Option 1	Extend disclosure requirements on the reference entity (or issuers of reference obligations) when this latter is not admitted to trading on a regulated market, equivalent third country market or SME Growth Market.
Option 2	Extend disclosure requirements on the reference entity (or issuer of the reference obligation) when this latter is not admitted to trading on a regulated market, equivalent third country market or SME Growth Market and where a reference entity or reference obligation represents 20% or more of the pool.
Preferred option	Option 2.

3.1.4.2. Cost-benefit analysis

Option 1: Extend disclosure requirements on the reference entity (or issuers of reference obligations) when this latter is not admitted to trading on a regulated market, equivalent third country market or SME Growth Market	
	Qualitative description

Benefits	This option implies a substantial increase in disclosure provided to investors, with potential benefits in terms of investor protection. However, some of these benefits might be reduced due to an increase in the volume of information.
Compliance costs	As a result of the wider scope of the requirement, issuers may bear substantial costs in providing this information.

Option 2: Extend disclosure requirements on the reference entity (or issuer of the reference obligation) when this latter is not admitted to trading on a regulated market, equivalent third country market or SME Growth Market and where a reference entity or reference obligation represents 20% or more of the pool	
	Qualitative description
Benefits	This option ensures that investors are provided with the information necessary in order to understand the risks connected to the reference entity of credit linked securities when this information is not publicly available, therefore strengthening investor protection when necessary.
Compliance costs	Issuers may bear costs in providing this information but these are limited to specific circumstances that may put investor protection at risk.

3.2. Technical advice on EU growth prospectus

These provisions are drawn up in response to the Commission's request for technical advice in relation to the content, format and sequence of the EU Growth prospectus including its specific summary.

As set out in Level 1, and as highlighted by the Commission in its request for technical advice (please refer to Annex V), the new EU Growth prospectus aims at facilitating access to financing on capital markets and reducing the administrative costs of raising capital for SMEs and midcaps. The objective of this policy intervention is to make sure that information content of the EU Growth Prospectus is reduced when compared to the prospectus used by issuers admitted to regulated markets, while at the same time not compromising investor protection. In particular, the Commission requests that when calibrating the content of the EU growth prospectus, ESMA should aim to ensure that SMEs and midcaps are obliged to disclose information that is cost-effective for investors.

ESMA published a Consultation Paper[2] on 6 July 2017 in relation to the EU Growth prospectus. In addition to setting out a draft of the technical advice to be delivered to the Commission, the Consultation Paper contained a number of questions, including several questions in relation to the likely costs and benefits of the proposed technical advice. ESMA requested respondents to provide input of both a qualitative and a quantitative nature and responses in this regard are summarised under Questions 1, 7, 9, 10, 13, 18, 19, 22, 25 and 28 of Section 3.2 of this Final Report. ESMA received very limited quantitative input to these questions, therefore the below CBA is of a qualitative nature.

The following analysis focuses on some key elements that might generate material costs and benefits and that as such have been specifically addressed by most responses to the consultation.

3.2.1. Reports by independent accountants or auditors on profit forecasts

In this section, ESMA analyses the possible approaches to the reports by independent accountants or auditors on profit forecasts. The section starts by clarifying the policy objective of the overall technical advice and then goes on to identify two options on this key element of the technical advice of which Option 2 is the preferred. The section then examines the costs and benefits of both Option 1 and 2 in order to provide further reasoning for the decision to pursue Option 2.

3.2.1.1. Technical options

Policy objective	Reduced compliance costs for SMEs and other issuers falling under Article 15 of the Prospectus Regulation in order to facilitate their access to securities markets, in particular by ensuring that costs related to the publication of profit forecasts are proportionate.
Option 1	Providing for the reports on profit forecasts by an accountant or auditor be mandatory.
Option 2	Providing issuers with the option of not asking an independent accountant or auditor to confirm its profit forecasts.
Preferred option	Option 2.

3.2.1.2. Cost-benefit analysis

[2] Consultation Paper on draft technical advice on content and format of the EU Growth prospectus (ESMA31-62-649).

Option 1: Providing for the reports on profit forecasts by an accountant or auditor be mandatory	
	Qualitative description
Benefits	An external opinion on the forecast information may provide further comfort to investors, therefore potentially reducing the asymmetry of information and the cost of capital.
Compliance costs	The report accompanying the profit forecasts creates high costs to the issuers. Based on the feedback from respondents to the consultation, the report costs a minimum of 10,000€, and such cost could increase steeply depending on the size and business of the issuer. Furthermore, issuing the report is time consuming for the issuer who needs to work with the independent accountant or auditor to review its assumptions. While it is acknowledged that banks might require such opinions anyway, ESMA finds that the additional cost connected to inclusion of the report in the EU Growth prospectus is significant, also due to potential liability reasons.

Option 2: Providing issuers with the option of not asking an independent accountant or auditor to confirm its profit forecasts	
	Qualitative description
Benefits	The fact that profit forecasts may be included in the EU Growth prospectus without an obligation for an auditor's report would reduce some of the costs connected with the report. As such, this might incentivise the inclusion of profit forecasts in the prospectus and increase the level of transparency.
Costs to other stakeholders	Investors might place less confidence in profit forecasts and fear potential risks of window dressing, which in turn might affect their propension to invest in SMEs.

3.2.2. IFRS

This section examines the possible approaches to the technical advice ESMA will deliver on the EU Growth prospectus and specifically in relation to the preparation of financial statements under IFRS. Again, the section starts by clarifying the policy objective of the overall technical advice and then goes on to identify two options on a key element of the advice. Following this it analyses the costs and benefits of both options, thereby providing background for ESMA's decision to follow Option 1.

3.2.2.1. Technical options

Policy objective	Reducing compliance costs for SMEs and other issuers falling under Article 15 of the Prospectus Regulation in order to facilitate their access to securities markets, in particular by ensuring that accounting costs are proportionate.
Option 1	Making IFRS an optional regime for issuers eligible for EU Growth prospectuses.
Option 2	Imposing mandatory use of IFRS on issuers eligible for EU Growth prospectuses.
Preferred option	Option 1.

3.2.2.2. Cost-benefit analysis

Option 1: Non-mandatory IFRS	
	Qualitative description
Benefits	Allowing flexibility in accounting disclosure reduces direct costs to issuers for accessing the securities markets, especially of a one-off nature. Access to capital markets finance might in turn lower the cost of capital for SMEs and other issuers eligible for the EU Growth prospectus and thereby facilitate their growth.
Costs to other stakeholders	Having issuers eligible for the EU Growth prospectus adopting different accounting standards might make comparisons more difficult, at least for international investors.

Option 2: Mandatory IFRS	
	Qualitative description
Benefits	Consistent and widespread use of IFRS for all issuers eligible for the EU Growth prospectus increases comparability of information and therefore facilitates market scrutiny and price efficiency.
Compliance costs	Conversion to IFRS imposes relevant one-off compliance costs to issuers.

	Respondents to the consultation indicated that the conversion process can take more than three months and normally requires hiring an independent advisor. Some on-going costs are also implied as producing IFRS financial statements may be more expensive than the use of national standards. Respondents to the consultation indicated three main reasons for that: i) internal time for the accounting team; ii) consulting and accounting support; iii) IFRS-specific audit costs. The overall additional costs for the preparation of IFRS statements is estimated by some respondents at a minimum of 10.000/20.000€. This number may change significantly in case of multiple subsidiaries.

3.2.3. Disclosure requirements on summary

In this last section, ESMA details the policy objective of and the possible technical options for the part of its technical advice on the EU Growth prospectus that relates to disclosure duties for the summary and in particular on the disclosure of key financial information (KFI). As illustrated by the analysis of the costs and benefits connected with each option, ESMA has selected to pursue Option 1.

3.2.3.1. Technical options

Policy objective	Reducing compliance costs for SMEs and other issuers falling under Article 15 of the Prospectus Regulation in order to facilitate their access to securities markets, in particular by ensuring that disclosure costs are proportionate with reference to the summary and in particular on key financial information (KFI).
Option 1	A shorter and more flexible summary, especially with reference to KFI and the possibility to present some of the information in a tabular format.
Option 2	A summary whose contents are in line with those envisaged for standard prospectuses.
Preferred option	Option 1.

3.2.3.2. Cost-benefit analysis

Option 1: A shorter and more flexible summary, especially with reference to KFI and the possibility to present some of the information in a tabular format	
	Qualitative description

Benefits	Ensuring more flexibility for issuers regarding the summary allows for a cost-effective compilation of such.
Compliance costs	Compliance costs for issuers are reduced as there is some flexibility in the way summaries are compiled, in particular with reference to KFI and the possibility to present some of the information in a tabular format.
Costs to other stakeholders	Investors might bear very limited costs connected to reduced comparability in particular with reference to KFI. These might be mitigated by information being more reflective of issuers' specificities.

Option 2: A summary whose contents are in line with those envisaged for standard prospectuses	
	Qualitative description
Benefits	Ensuring full information and consistency with the standard regime, thereby facilitating comparability in particular on KFI.
Compliance costs	Compliance costs for drafting the KFI section of the summary would be more significant in terms of compilation of the information, consistency checks as well as possible liability issues.
Costs to other stakeholders	Investors may find information on KFI being less reflective of issuers' specificities, but on the other hand more comparable.

3.3. Technical advice on scrutiny and approval

These provisions are drawn up in response to the Commission's request for technical advice in relation to the criteria for the scrutiny of prospectuses, the scrutiny and review of URDs, the procedures for approval and filing of prospectuses and URDs and the conditions for losing the status of frequent issuer under the URD regime.

As set out in Level 1, and as highlighted by the Commission in its request for technical advice (please refer to Annex II), the new Prospectus Regulation aims at eliminating differences in the way NCAs carry out scrutiny and approval, thereby creating a harmonised single rulebook to prevent supervisory forum shopping. In addition to harmonisation, promoting a swift scrutiny and approval of prospectuses is intended to facilitate fundraising on capital markets.

ESMA published a Consultation Paper[3] on 6 July 2017 in relation to scrutiny and approval of the prospectus. In addition to setting out a draft of the technical advice to be delivered to the Commission, the Consultation Paper contained a number of questions, including two questions in relation to the likely costs and benefits of the proposed technical advice. ESMA requested respondents to provide input of both qualitative and quantitative nature and responses in this regard are summarised under Questions 7 and 13 of Section 3.3 of this Final Report. ESMA did not receive any quantitative input to these questions, and the below CBA is therefore of a purely qualitative nature.

3.3.1. Scrutiny and review of prospectuses/URDs

In this section, ESMA analyses the possible approaches to its technical advice on NCAs' scrutiny and review of prospectuses and URDs. The section starts by clarifying the policy objective of this part of the technical advice and then goes on to identify two options for the technical advice of which Option 1 is the preferred. The section then examines the costs and benefits of both Option 1 and 2 in order to provide further reasoning for the decision to pursue Option 1.

3.3.1.1. Technical options

Policy objective	Harmonising the criteria for scrutiny applied by NCAs in order to facilitate access to capital markets and avoid regulatory forum shopping. The Commission invites ESMA to provide technical advice that is the same for scrutiny of prospectuses and review of URDs. Furthermore, ESMA is invited to accommodate a proportionate approach by NCAs in the scrutiny and review of prospectuses based on the specific circumstances of the issuer and the issuance.
Option 1	Establishing mandatory list of scrutiny criteria and permitting NCAs to select additional criteria and apply them when they deem appropriate to the information given in the draft prospectus on a case-by-case basis when necessary for investor protection.
Option 2	Establishing mandatory list of scrutiny criteria and providing an exhaustive list of the situations in which NCAs may select and apply additional criteria.
Preferred option	Option 1.

3.3.1.2. Cost-benefit analysis

[3] Consultation Paper on technical advice on scrutiny and approval of the prospectus (ESMA31-62-650).

Option 1: Establishing mandatory list of scrutiny criteria and permitting NCAs to select additional criteria and apply them when they deem appropriate to the information given in the draft prospectus on a case-by-case basis when necessary for investor protection	
	Qualitative description
Benefits	NCA scrutiny approaches are harmonised while the ability of NCAs to apply additional scrutiny criteria is maintained, allowing for a smooth transition from the previous regime and ensuring a more detailed examination of draft prospectuses and ensuring investor protection. Issuer would have strongly increased knowledge compared to the situation under the Prospectus Directive.
Costs to regulator	Adaptation costs connected with NCA staff familiarising themselves with the new criteria, which are mitigated by the ability to select and apply additional criteria.
Compliance costs	Adaptation costs connected with issuers and their advisors familiarising themselves with the new criteria and starting to apply them.
Indirect costs	This approach does not fully remove the risk of supervisory forum shopping.

Option 2: Establishing mandatory list of scrutiny criteria and providing an exhaustive list of the situations in which NCAs may select and apply additional criteria	
	Qualitative description
Benefits	Broader harmonisation of NCA scrutiny approaches. Issuers have full certainty on the criteria which NCAs may apply and the specific situations in which they may apply additional criteria.
Costs to regulator	Larger adaptation costs connected with NCA staff familiarising themselves with the new criteria and starting to apply them. Risk that NCAs would be forced to approve prospectuses even when further scrutiny would be needed because the exhaustive list of situations in which they may apply additional scrutiny criteria limits them. This would mean that NCAs would not be able to fully ensure investor protection which could furthermore cause them concerns as regards liability.
Compliance costs	Adaptation costs connected with issuers and their advisors familiarising themselves with the new criteria and starting to apply them.

	While not a compliance cost as such, issuers could be at risk of publishing prospectuses with shortcomings because NCAs would have to approve, as described in the row above. Again, this could cause liability concerns to issuers.
Costs to other stakeholders	When further scrutiny is needed in a situation which is not specified in the list of situations in which NCAs may apply additional criteria, investor protection would not be fully ensured because the NCA would have to approve the prospectus without undertaking such further scrutiny.

3.3.2. Approval of prospectuses/URDs and filing of URDs

This section examines the possible approaches to the technical advice ESMA will deliver in relation to NCA approval of prospectuses and URDs and the filing of URDs. Again, the section starts by identifying the policy objective of and the possible options to the technical advice following which it analyses the costs and benefits of both options, thereby providing background for ESMA's decision to follow Option 1.

3.3.2.1. Technical options

Policy objective	Aligning NCA approval practices to prevent supervisory forum shopping.
Option 1	Carrying over the existing Level 2 provisions and complementing these with procedures which reflect the changes to Level 1 (the introduction of the URD as a new type of registration document, the appendix which must accompany an RD/URD being passported on a standalone basis, the TD/MAR compliance statement required to be considered a frequent issuer etc.).
Option 2	Drawing up completely new procedures for approval and filing.
Preferred option	Option 1.

3.3.2.2. Cost-benefit analysis

Option 1: Carrying over the existing Level 2 provisions and complementing these with procedures which reflect the changes to Level 1	
	Qualitative description
Benefits	Issuers and NCAs are familiar with the existing approval procedures which have been applicable since March 2016 and continuing to use these procedures will therefore facilitate the transfer to the new prospectus

	regime. As the existing approval procedures were drawn up very recently, there is no need to repeat a full-scale analysis of which procedures should apply.
Costs to regulator	Limited adaptation costs connected with NCA staff familiarising themselves with the procedures which cover the novelties at Level 1.
Compliance costs	Limited adaptation costs connected with issuers and their advisors familiarising themselves with the procedures which cover the novelties at Level 1 and starting to apply them.

Option 2: Drawing up completely new procedures for approval and filing	
	Qualitative description
Benefits	Having a full reassessment of which approval procedures are needed.
Costs to regulator	Large adaptation costs connected with NCA staff familiarising themselves with entirely new procedures.
Compliance costs	Large adaptation costs connected with issuers and their advisors familiarising themselves with entirely new procedures and starting to apply them.

3.3.3. Conditions for losing the status of frequent issuer

In this last section, ESMA details the policy objective of and the possible technical options for its technical advice on the conditions for losing the status of frequent issuer when making use of the URD regime. As illustrated by the analysis of the costs and benefits connected with each option, ESMA has selected to pursue Option 1.

3.3.3.1. Technical options

Policy objective	Specifying the conditions under which the status of frequent issuer is lost.
Option 1	Not providing technical advice in this area as Level 1 provides full clarity regarding the conditions under which issuers will lose the status of frequent issuer.
Option 2	Detailing the conditions set out at Level 1.
Preferred option	Option 1.

3.3.3.2. *Cost-benefit analysis*

Option 1: Not providing technical advice in this area as Level 1 provides full clarity regarding the conditions under which issuers will lose the status of frequent issuer	
	Qualitative description
No additional costs or benefits compared to the baseline (Level 1) scenario.	

Option 2: Detailing the conditions set out at Level 1	
	Qualitative description
Benefits	Providing further detail on the conditions for losing the status of frequent issuer.
Costs to regulator	Adaptation costs connected with NCA staff familiarising themselves with the new requirements.
Compliance costs	Adaptation costs connected with issuers and their advisors familiarising themselves with the new requirements and starting to apply them. Unnecessary strictness of new regime as further specification of conditions for losing the status of frequent issuer would go into excessive detail in order to add to the provisions set out at Level 1.

Annex IV: SMSG opinion

Date: 6 October 2017
ESMA22-106-407

ADVICE TO ESMA

SMSG Response to the Public Consultation on Prospectus Regulation Level 2

I. Executive summary

The SMSG welcomes the new Prospectus Regulation and seeks with its advice to ESMA to ensure that the overarching goals of the regulation are reflected and developed in level 2 of the dossier.

We also welcome the opportunity to respond to the Consultation on the technical advice. The SMSG is of the view that the draft technical advice succeeds in realigning the technical requirements to the goals set out in level 1 while achieving the necessary continuity in the interest of supervision and practitioners. The proposals are well argued and ESMA provides convincing justification in its Technical Advices. The SMSG specifically notes with satisfaction that while the focus of the work stream on SME Growth prospectus is on simplifying disclosure requirements in proportion with the smaller scale of SME securities issuance and generally simpler operations and ensuring easier access to capital for smaller companies, ESMA has balanced this objective against the needs of investor protection and ensuring investors are presented with relevant and material facts to enable them to make informed investment decisions.

On a more detailed scale, some issues have been identified where improvements can still be made. We think that the prospectus should follow a given structure with a prominent placement for risk factors to help investors gaining a quick overview over the issuance. On the other hand we believe that, within the sections, rules on the contents shouldn't be overly prescriptive and formalistic to ensure enough flexibility vis-à- vis the differences in the business models of the issuer as well as differences of the issuance. Also, while standardization as such is helpful for everyone involved, there are some striking differences between equity and non-equity issuances which require to be taken into account. This applies specifically to the question whether it should be required that profit forecasts are accompanied by an accountant's or auditor's report to ensure their reliability even further. Further, we would like to point out that the proposals concerning information on non-listed underlyings will give rise to legal uncertainties which could prevent issuances affected from being issued at all in the future. With regard to the nature of a prospectus as an information document, we are clearly against prospectus rules which could impinge on the companies operational structure as this would be the case if IFRS accounting would be prescribed.

II. Explanatory remarks

The SMSG welcomes the changes introduced by the Prospectus Regulation, the objective of which is to make it easier and more attractive to access the capital markets especially for small and medium enterprises while at the same time providing investors with information on issuers and financial instruments to help them making the right investment decision. Thus, the prospectus regulation is both, an important element of the Capital Market Union strategy to foster economic growth in the Union and one important factor in ensuring the right level of investor protection for retail and professional investors alike.

In view of the SMSG the overarching elements to ensure the political goals are already enshrined in Level 1 of the regulation. Level 2 mainly contains technical rules which should ensure that the principles of level 1 are respected and implemented in a practical and efficient way, serving both the interests of the issuers and the investors.

Issuers are interested in a documentation and process which is **focused, straightforward and without creating legal uncertainties. Only if administrative burdens** are avoided wherever possible and legal certainty is maintained, issuers will seek tapping the European Capital market and use the opportunities of diversified sources of financing. Regarding the swiftness of market conditions, timing is also a core issue for them. While a standardized approach is welcomed for practical matters, important differences in instruments must result in a **more flexible approach**. This applies with regard to different characteristics of the different forms of instruments, especially whether equity or non-equity instruments are to be described but also with regard to the information needs of retail investors on the one side and wholesale investors on the other.

Investors are in need of a clear and accessible documentation which is both readable and easy to understand as well as setting out all information necessary for the investment decision. The information for the investor must be reliable, of high quality and at the same time clear and transparent. These are key elements for creating demand on the markets and providing the capital needed to finance the European economy. Clearness and transparency require striking the right balance between ensuring that all necessary information is given while relevant information should not be buried in too much ancillary information contained in the documentation. This may require a differentiating approach when looking at the characteristics of certain instruments or when looking at the investor base targeted, especially between instruments which may be appropriate for retail investors and those which are fitting for the wholesale market only. When looking specifically at retail investors, it is to be noted that the information in the prospectus is backed up by other sources of information such as key investor information documents and advice if required by an investor. The new MiFID regime will not only focus on the point of sale but also require certain issuers to identify a target market and, by setting up product governance requirements, maintain a constant watch over the instruments once issued.

The Prospectus Directive gives special consideration to SME Growth markets as a venue for smaller companies to raise capital (Recital 24) in view of their contribution to the growth and job creation in the wider economy as well as their less complex operation and smaller issuances. Therefore, the Directive provides for more limited disclosure requirements, zooming in on information that is both, relevant and material to investors in securities, offered by SMEs. Article 15 on "EU Growth Prospectus"

specifies the high level principles of the "proportionate disclosure regime". In this vein, the EU growth prospectus should be designed in such a way that it alleviates requirements and avoids complexity. Especially smaller companies should be encouraged to tap the capital markets rather than being deterred by excessive costs to produce a prospectus. Simplified prospectus schedules will result in a win-win situation for both issuers and investors alike as they are less costly to produce whilst being more readable for investors.

With these cornerstones in mind, we can note that the draft technical advice on the whole fully succeeds in achieving the political objectives of level 1 while maintaining the necessary continuity in the legal framework the markets have used up to now. However, there are some issues where improvements can be made to optimize the results. Part III [and IV/to V] of our advice will concentrate on those issues rather than commenting the technical proposals of ESMA at length.

Forward looking, supervisory convergence should be fostered in order for the new regime to work. This is essential to avoid regulatory arbitrage, harmonise practices and ensure an efficient approval process which would, in turn, create a level playing field for companies wanting to raise capital. Enhanced supervisory convergence could be achieved via the promotion of best practices across jurisdictions to help reduce approval times and streamline burdensome processes.

Also, the prospectus framework, especially but in no way restricted to the Growth prospectus should also look closely to the work and upcoming final recommendations of the High-Level Expert Group on Sustainable Finance (HLEG) in order to drive forward efforts to holistic and consistently reorient the financial system so that it can support long-term, sustainable growth.

III. Public Consultation on format and content of the prospectus

Order of information in the prospectus

Q1: Do you agree with the proposal that cover notes be limited to 3 pages? If not, what do you consider to be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?
In para. 22 on page 16 ESMA proposes to make a cover note mandatory which should not exceed three pages in length. While agree that the regulation should reflect market practice, the approach should also be flexible. First of all, issuers should be free to decide whether a cover note should be part of the prospectus. Secondly, where a cover note is deemed necessary, the length of it should be guided by the principle that all information material for potential investors should be included in the document but also restricted to that. The cover note is he place for additional information on the issuance not to be found elsewhere and especially helps potential investors from other jurisdictions to understand if the offer is extended to them. The necessity of such information and its depth depends on the individual circumstances. Therefore, we are not in favour of a prescriptive approach.

Q3: Should the location of risk factors in a prospectus be prescribed in legislation or should issuers be free to determine this? If it should be set out in legislation, what positioning would make it most meaningful?
While some favour that risks should be presented very prominently at the beginning, others would argue that, in order to understand the risks, the investor should already know about the underlying factors such as the strategy of the company and the details of the offer. It seems to us that both approaches have

their merits. We do think however that ESMA should prescribe an order to ensure transparency and efficiency for investors and that the placing of risk factors should be prominent.

Question 4: Should the URD benefit from a more flexible order of information than a prospectus?

In the same spirit of our response to Q3 above, and that where it is consistent with this objective of transparency and efficiency, issuers should be able to make use of existing reference documentation so as to limit the cost of implementation of the URD requirements.

Q5: Would a standalone and prominent use of proceeds section be welcome for investors?

ESMA in para. 26 on page 17 considers clarity as to the use of proceeds to be of paramount importance for the investors. Specifically issuers should "endeavor" to give a precise breakdown of how funds will be employed. The SMSG thinks that issuers who are in search of general funding will not be able to fulfil such a requirement for a precise breakdown and would argue that in these cases, an indication that the issuance will serve general funding purposes should be sufficient to meet the investor's information needs. However, we can also see the risk that issuers could tend to switch to a general funding purpose whenever possible leaving investors with less information. Such behaviour strikes us as possibly being in conflict with the general principles of the prospectus being a reliable source of information and including all information relevant for an investment decision. Although we think that ESMA's wording ("endeavor") reflects that thinking, a more elaborate discussion of the different situations would be welcomed.

Q9: Do you agree that the scope of NCA approval should be included in the cover note? If not, please provide your reasoning.

ESMA proposes in para. 23 on page 16 clarity for the investor about the scope of NCA's approval. In the interest of the investors, we support such an approach.

Content of the share registration document

Q14: Do you agree with ESMA's proposal to require outstanding profit forecasts for both equity and non-equity issuance to be included? Do you agree with the deletion of the obligation to include an accountant's or an auditor's report for equity and retail non-equity? Please provide an estimate of the benefits for the issuers arising from the abovementioned proposals. Would these requirements significantly affect the informative value of the prospectus for investors?

ESMA proposes in para. 71 on page 35 to remove the requirement for the report of an auditor for profit estimates/forecasts. The SMSG understands the concern about costs, but this forward looking information is often regarded as particularly pertinent by investors in shares, enhances the information value and increases the reliability of the prospectus. An audit provides investors with an independent opinion on the accuracy of companies' information. As a result, audits contribute to the orderly functioning of markets by improving the confidence in the integrity of financial statements – which has been one of the main goals of the recent audit reform. Having some form of third party oversight of these matters provides an important safeguard for investors and therefore, the SMSG considers that the benefits for investors outweigh the costs to issuers of producing such a report. We are not entirely convinced by the argument that the difficulty of finding auditors to sign off/the cost of such a sign off may deter issuers from including profit forecast/estimate information - and that this is a reason to remove the requirement. For non-equity issuances we propose to remove the requirement, see Q 30.

Q19: Do you agree with the lighter requirement in relation to replication of the issuer's M&A in the prospectus? Would this significantly affect the informative value of the prospectus for investors?

The SMSG does not agree with the proposal of ESMA to delete certain provisions of the M&A in the share registration document. While understanding that a pure duplication of information already included in the M&A may ease administrative burden for issuers, the SMSG considers that this does not outweigh the benefits for investors as the informative value of the prospectus would be reduced significantly. We would like to underline that the information ESMA proposes to delete in 21.2.2, 21.2.4, 21.2.5, 21.2.6 and 21.2.7 concerns basic investor rights and can be material for an investment decision. Such fundamental information should be kept in a condensed way in the share registration document to directly alert investors where an issuer deviates from local law. Even if a given deviation is already published in the M&A, investors (e.g. private investors or investors from abroad) may not be expected to be familiar with the legal basis under which the issuer is operating and where it deviates from it. The SMSG further notes that at least the information requested in 21.2.4 (conditions for change of rights of shareholders incl. indication where the conditions are more significant than legally required) and 21.2.7 (threshold for disclosure of ownership) are not regularly included in issuers' M&A's."

Content of the retail debt and derivatives registration document

Q30: Do you agree with the proposal to remove the requirement for profit forecasts and estimates to reported on? Would this significantly affect the informative value of the prospectus for investors?
In para. 120 on page 75 ESMA proposes the mandatory inclusion of profit forecasts and estimates in order to align the requirements for equity and retail debt. We think that there is a striking difference in the information needs of an investor in equity and one in debt. Whereas the equity investment may directly be affected by slighter changes in profits and their forecasts the debt investor (with the exception of convertible bonds) will have to look at material and adverse changes of the issuer's solvency only. In these cases, he will be duly informed by the Trend Information in the prospectus under item 8.1 of Annex 3. Therefore the proposed alignment overlooks substantial differences in equity and debt and is either unnecessary or amounts to unnecessary double information.

Content of the retail debt and derivatives securities note

Q43: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).
In para. 137, ESMA proposes to integrate the PRIIPS-KID into the body of the prospectus if the KID is used in the summary. The requirement as such is a consistent step, the starting position merits further consideration. At first sight, it seemed helpful to reduce the information volume for the retail investor by integrating the KID. Practice however showed that this approach leads to significant difficulties. While the summary remains static, the KID is being updated on a regular basis, sometimes in very short periods of time. Diverging editions of a KID cannot be in the interest of clarity, transparency and legal certainty alike. Therefore issuers increasingly abstain from integrating the KID into the summary.

We would like to highlight that the re-categorization of some items of information from category B to category A) makes the inclusion of the pertinent information mandatory in the Base prospectus. This move has far-reaching effects as it could translate into a requirement for a Base prospectus for every legal format or instrument and, possibly, every type of underlying, each rank of subordination and so on. Such an outcome would make the issuance process via Base Prospectuses unmanageable and uneconomic and should be avoided.

Content of the derivative securities building block

Q 44: Do you consider it useful that use of proceeds of issuance under this annex should be disclosed when different from making a profit or hedging risk?

ESMA proposes in para. 145 and 146 that prospectuses for securities with an underlying should include information on all reference obligations. This would be of concern for both ABS structures and Credit-Linked Notes. Accordingly, the draft Technical Advice in 4.2.2. (ii) c) sets out that the prospectus should include either a reference to securities or reference obligations if those are admitted are listed on a regulated market or, in the case of non-listed underlyings, information relating to the issuer of the underlying as far as known or obtainable from the issuer of the underlying "as if it were the issuer". While it is in the interest of the investor to get hold of the necessary information to evaluate the underlying, it seems that a requirement to inform "as if it were the issuer" is too demanding. A third party is never able to verify the completeness of the information known to him.

The situation is aggravated by the fact that the information is currently expected to be included in category A, that is in the base prospectus at a very early point of time. Changes in the final terms would not be allowed. In practice, the underlyings of an issue are not always fully identified at that early point in time. All in all, such a demand would therefore lead to legal uncertainties which would prevent such instruments from being issued. European Capital Markets would lose this segment of instruments. We would propose to allow the inclusion of less detailed and more concentrated information on the issuer to be required at al later point of time.

Question 51: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

As highlighted above in our response to Q44, the requirement to provide information relating to the underlying "as if it were the issuer" is very problematic (and potentially unmanageable) for issuances with a high number of multiple underlyings. In such cases a pragmatic solution could be to provide investors with links to external reference documentation on underlying securities rather than to include such information directly in the prospectus. This would also be consistent with ESMA's objective of avoiding unnecessary duplication of information. Consistently with this, where a single security represents less than 20% of a pool of underlyings, this information could be recategorised from B to C so as to avoid excessive duplication of the number of base prospectuses.

IV: Public Consultation on content and format of the EU Growth prospectus

General observations

In light of the political objectives to encourage access to capital markets for smaller and medium enterprises, the EU growth prospectus should be designed in such a way that it alleviates requirements and avoids complexity and unnecessary costs. Simplified prospectus schedules will result in a win-win situation for both issuers and investors alike as they are less costly to produce whilst being more readable for investors. We also note that the market expects less research being produced especially for smaller listed companies when MiFID II will come into force next year. This development makes it even more important that investors have a reliable and at the same time clear and readable information at hand.

Format of the EU Growth prospectus

Q1: Do you consider that specific sections should be inserted or removed from the registration document and / or the securities note of the EU Growth prospectus proposed in Article A? If so, please identify them and explain your reasoning, especially in terms of the costs and benefits implied.
The SMSG WG considers that sections of the registration document and the securities note of the EU Growth prospectus are well thought out and do not see the need to add or remove any. There are, however, views on a specific order of the section. While some favour that risks should be presented very

prominent at the beginning, others would argue that, in order to understand the risks, the investor should already know about the underlying factors such as the strategy of the company and the details of the offer. It seems to us that both approaches have their merits. We do think however that ESMA should prescribe an order to ensure transparency and efficiency for investors which is identical to the order in the general prospectus.

Q2:Do you agree with the proposal to allow issuers to define the order of the information items within each section? Please elaborate on your response and provide examples. Can you please provide input on the potential trade-off between benefits for issuers coming from increased flexibility as opposed to further comparability for investors coming from increased standardization?
While we consider that sections should follow a prescribed order, we think that within a specific section issuers should be granted greater flexibility. As the order of the sections would be imposed and investors already have a standardized grid, the flexibility on the more detailed level would allow issuers to better highlight their distinctive characteristics and features and could make the prospectus even more comprehensible. Also, issuers should be free to include additional information if they deem it necessary and if the information is material to investors.

Q3: Given the location of risk factors in Annexes IV and V of the Prospectus Regulation, do you consider that this information is appropriately placed in the EU Growth prospectus? If not, please explain and provide alternative suggestions.
We think that it would be valuable for investors to find the risk factors prominently and at the same location to enable a quick digestion of the information.

Q4: Do you agree with the proposal that the cover note to the EU Growth prospectus should be limited to 3 pages? If not, please specify which would be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?
With respect to the general prospectus, we are in favour of a flexible approach (see above, III Q 1). As we can see no reason to be more prescriptive in the case of Growth Prospectuses, we would argue that ESMA should neither prescribe a Cover note nor set a page limit.

Content of the EU Growth prospectus

Q6: Do you agree with the proposal to introduce a single registration document that is applicable in the case of equity and non-equity issuances? If not, please provide your reasoning and alternative approach.
Differences in equity and non-equity issuances may require a differentiation, as we have pointed out in our explanatory remarks. In addition to that, it would be clearer if the Level 2 measures for registration documents for equity and non-equity issues were mandated separately. This would allow issuers to look at one set of requirements for each type of issue rather than reviewing a composite set of requirements and eliminating those that are not applicable. We also suggest that this would allow for an easier drafting by the issuers and a potentially faster review by the NCA.

Q7: Do you agree with the requirement to include in the EU Growth prospectus any published profit forecasts in the case of both equity and non-equity issuances without an obligation for a report by independent accountants or auditors? If not please elaborate on your reasoning. Please also provide an estimate of the additional costs involved in including a report by independent accountants or auditors.
In order to make direct capital market access more attractive for SMEs, the SMSG finds it reasonable to not require reports from independent accounts or auditors of profit forecasts at least for non-equity issuances. For equity issuances we would like to point out that there had been incidents in the past where unaudited forecasts had been misleading. We agree that this must be avoided for a Growth Market to meet investor's expectations of credibility and be successful in the longer run, but are not

sure whether requiring an auditor's report to be included in the prospectus is the only way to ensure this. Legislators, regulators and operators of Growth segments are called upon to look at the issue. We point out that if ESMA is seeking to reduce the regulatory burden for profit forecasts , maintaining a similar requirement for pro forma financial information should be reconsidered and explained.

Q8 Do you consider that the requirement to provide information on the issuer's borrowing requirements and funding structure under disclosure item 2.1.1 of the EU Growth registration document should be provided by non-equity issuers too? If yes, please elaborate on your reasoning.
We consider that such information may also be relevant to non-equity issues as it could allow an evaluation of the solvency of the issuer. That said, such a requirement for non-equity issues could be restricted to material information only.

Q9 Do you think that the information required in relation to major shareholders is fit for purpose? In case you identify specific information items that should be included or removed please list them and provide examples. Please also provide an estimate of elaborating on the materiality of the cost to provide such information items.

We understand the importance of information on major shareholdings even if SME Growth Markets are not covered by the Transparency Directive. However, it remains unclear how holdings, specifically indirect holdings, are to be determined. Legal certainty for the issuer would require either a reference to the rules in the Transparency Directive or – in the interest of proportionality - a set of simpler rules on its own.

Q10 Do you agree that issuers should be able to include in the EU Growth prospectus financial statements which are prepared under national accounting standards? If not please state your reasoning. Please also provide an estimate of the additional costs involved in preparing financial statements under IFRS.
We support the proposal that IFRS is not made mandatory and that national accounting standards should be permitted. Especially smaller issuers will continue to use national accounting standards. Requiring IFRS would in our view bar those issuers from tapping the capital market.

Q13: Please indicate if further reduction or simplification of the disclosure requirements of the EU Growth registration document could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.
SMSG is generally of the view that further reduction or simplification of the disclosure requirements for the EU Growth prospectus is not necessary as any alleviation of costs of preparation for issuers is likely to be marginal while the information needs for investors is at a risk of not being fully met.
We consider however that ESMA should not mandate that companies should calculate KPIs – many small and mid-size companies do not routinely measure KPIs, instead just focus on the financials themselves (e.g. balance sheet). Companies in different stages of development should generally be free to decide what KPI they consider appropriate for their industry and their business model. However, if the issuer deviates from a common definition this should be clearly indicated and explained. This would also apply, if the issuer makes such adjustments over time. We therefore consider it appropriate to stipulate that any adjustments to KPIs including amendments to their definitions should be clearly indicated and explained.

Content of EU Growth securities note

Q15: Do you agree with the proposal to introduce a single securities note that is applicable in the case of equity and non-equity issuances? If not please provide your reasoning and alternative approach.

SMSG considers appropriate to introduce single securities note for both equity and non-equity issuances and finds the disclosure items included in the Technical advice fit for purpose. However, it could be appropriate to mandate the requirements for equity and non-equity separately. This would allow issuers to look at one set of requirements for each type of issue rather than reviewing a composite set of requirements and eliminating those that are not applicable. This would allow for easier drafting by the issuers and a potentially faster review by the NCA.

Q19: Please indicate if further reduction or simplification of the disclosure requirements of the securities note of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.
SMSG does not consider any further reduction or simplification of the disclosure requirements of the securities note for the EU Growth prospectus necessary or beneficial to SME issuers in significantly reducing preparation costs of the prospectus.

Summary of the EU Growth prospectus

Q20: Do you think that the presentation of the disclosure items in para 112 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the information items.
Q21: Given the reduced content of the summary of the EU Growth prospectus do you agree with the proposal to limit its length to a maximum of six A4 pages? If not please specify and provide your suggestions.
We think that the proposed reduction of the number of risk factors to 10 and the page limit of 6 is a too formalistic approach and could possibly lead to a cut off of important information. In any case, the requirement should not be different from the approach suggested for the general prospectus.

We don't think that a PRIIP can substitute a summary sufficiently. At first sight, it seems helpful to reduce the information volume for the retail investor by integrating the KID. Practice however showed that this approach leads to significant difficulties. While the summary remains static, the KID is being updated on a regular basis, sometimes in very short periods of time. Diverging editions of a KID cannot be in the interest of clarity, transparency and legal certainty alike. Therefore issuers increasingly abstain from integrating the KID into the summary.

Q22: Do you agree that the number of risk factors could be reduced to ten instead of 15? Do you think that in some cases it would be beneficial to allow the disclosure of 15 risk factors? If yes, please elaborate and provide examples. Please also provide a broad estimate of any benefits (e.g. in terms of reduced compliance costs) associated with the disclosure of a lower number of risk factors.
We are in agreement that the number of risk factors reflected in the summary could be reduced from 15 to ten. However, we believe that the emphasis should be on relevance and materiality of risk factors rather than on their number. In that respect we suggest to ESMA that the disclosure of 10 risk factors be considered a guideline rather than a strict requirement and issuers be given the flexibility to disclose fewer or up to 15 factors as the case may be.

Q23: Do you agree that SMEs are less likely to have their securities underwritten? If not, should there be specific disclosure on underwriting in the summary as set out in Article 7(8)(c)(ii) of the Prospectus Regulation?
We generally agree that normally a specific disclosure on underwriting in the summary should not be mandatory. However in minority cases where an underwriting arrangement is in place, we are in favour of including a disclosure in the summary along the lines of Article 7 (8)(c)(ii) of the Prospectus Regulation.

Q24 Do you agree with the content of the key financial information that is set out in the summary of the EU Growth prospectus? If not, please elaborate and provide examples.
We do not think that ESMA should be prescriptive on the line items that should be included, since different measures are important for different industries. By specifying certain measures there is the danger that issuers will default to just producing those, without addressing what might be appropriate for their particular industry.

Q25 Do you think condensed pro forma financial information should be disclosed in the summary of the EU Growth prospectus? Please state your views and explain. In addition, please provide an estimate of the additional costs associated with the disclosure of pro forma financial information in the summary compared to the additional benefit for investors from such disclosure
In order to keep the length of the summary and the costs involved for the issuer under control, we think that it would be appropriate and sufficient to include a reference that a pro forma information can be found in the prospectus.

Q28: Please indicate if further reduction or simplification of the disclosure requirements of the summary of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.
SMSG does not consider any further reduction or simplification of the disclosure requirements of the summary of the EU Growth prospectus necessary or beneficial to SME issuers in significantly reducing preparation costs of the prospectus

This advice will be published on the Securities and Markets Stakeholder Group section of ESMA's website.

Adopted on 6 October 2017

[signed]

Ruediger Veil
Chair
Securities and Markets Stakeholder Group

Annex V: Technical advice

Technical advice on the format and content of the prospectus

On the basis of the considerations presented in the Final Report, ESMA provides the following technical advice in relation to the format of the prospectus, the base prospectus and the final terms. ESMA has not drafted recitals as these will depend on the advice that is adopted.

Article A

Definitions

For the purposes of this Regulation, the following definitions shall apply in addition to those laid down in Regulation (EU) 2017/1129:

(a) 'asset-backed securities' means securities which:

a. represent an interest in assets, including any rights intended to assure servicing, or the receipt or timeliness of receipts by holders of assets of amounts payable there under; or

b. are secured by assets and the terms of which provide for payments which relate to payments or reasonable projections of payments calculated by reference to identified or identifiable assets;

(b) 'building block' means a list of additional information requirements, not included in one of the schedules, to be added to one or more schedules, as the case may be, depending on the type of instrument and/or transaction for which a prospectus or base prospectus is drawn up;

(c) 'complex financial history' means a situation where:

a. the issuer's entire business undertaking at the time of the prospectus is not accurately represented in the disclosure relating to the issuer required under the relevant Annexes under which the prospectus has been drawn up;

b. that inaccuracy will affect the ability of an investor to make an informed assessment as mentioned in Article 6(1) or Article 14(2) of Regulation (EU) 2017/1129; and,

c. information relating to the business undertaking that is necessary for an investor to make such an assessment is included in information, including financial information, relating to another entity as well as information relating to the issuer;

(d) ‘debt securities’ means securities where the issuer has an obligation arising on issue to pay the investor 100% of the nominal value in addition to which there may also be an interest payment;

(e) ‘equivalent third country markets’ means markets which have been deemed equivalent in accordance with the requirements set out in Article 25(4) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, amended by Directive (EU) 2016/1034 of the European Parliament and of the Council of 23 June 2016.

(f) ‘profit estimate’ means a profit forecast for a financial period which has expired and for which results have not yet been published;

(g) ‘profit forecast’ means a form of words which expressly states or by implication indicates a figure or a minimum or maximum figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word ‘profit’ is not used;

(h) ‘property collective investment undertaking’ means a collective investment undertaking whose investment objective is holding of property or the participation in the holding of property;

(i) ‘schedule’ means a list of minimum information requirements adapted to the particular nature of the different types of issuers and/or the different securities involved;

(j) ‘significant financial commitment’ means a binding[1] agreement to undertake a transaction which, on completion, is likely to give rise to a significant gross change;

(k) ‘significant gross change’ means a variation of more than 25%, relative to one or more indicators of the size of the issuer’s business, in the situation of the issuer;

(l) ‘special purpose vehicle’ means an issuer whose objects and purposes are primarily the issue of securities;

(m) ‘umbrella collective investment undertaking’ means a collective investment undertaking that consists of several investment compartments, keeping separate

[1] In this context, the fact that an agreement makes completion of the transaction subject to conditions, including approval by a regulatory authority, should not prevent that agreement from being treated as binding if it is reasonably certain that those conditions will be fulfilled. In particular, an agreement should be treated as binding where it makes the completion of the transaction conditional on the outcome of the offer of the securities that are the subject matter of the prospectus or, in the case of a proposed takeover, if the offer of securities that are the subject matter of the prospectus has the objective of funding that takeover.

accounts, with each compartment corresponding to a distinct part of the assets and liabilities;

The Commission should introduce operative provisions, similar to Articles 4 to 20 of the Commission Regulation, in order to facilitate use of the schedules to be set out in delegated acts including for secondary issuance, EU Growth prospectus and URD, in the following form:

Article B.1

Share registration document schedule

For the share registration document information shall be given in accordance with the schedule given in Annex 1.

Article B.2

Share securities note schedule

For the share securties note information shall be given in accordance with the schedule given in Annex 2.

[Article B.3]

[Article B.4]

In terms of further operative provisions regarding the construction of a prospectus and the order of information to be contained therein, ESMA proposes the following:

Article C

Combination of schedules and building blocks

1. A prospectus shall be drawn up by using a combination of schedules, and building blocks if applicable, set out in this delegated regulation.

2. The use of the combinations provided for in the table set out in Annex 27 shall be mandatory when drawing up prospectuses for the types of securities to which those combinations correspond according to this table.

   However, for securities not covered by those combinations further combinations may be used.

3. The most comprehensive and stringent registration document schedule, i.e. the most demanding schedule in terms of number of information items and the extent of the information included in them, may always be used to issue securities for which a less

comprehensive and stringent registration document schedule is provided for, according to the following ranking of schedules:

(a) Share registration document schedule;

(b) Retail debt and derivatives registration document schedule;

(c) Wholesale debt and derivatives registration document schedule.

Article D

Format of the prospectus

1. Where an issuer, an offeror or a person asking for the admission to trading on a regulated market chooses, according to Article 6(3) of Regulation (EU) 2017/1129, to draw up a prospectus or base prospectus as a single document, the prospectus or base prospectus shall be composed of the following parts in the following order:

(a) Table of contents;

(b) Summary;

(c) General description of the programme;

(d) Risk factors;

(e) Other information items included in the schedules and building blocks according to which the prospectus was drawn up.

Letter (b) of the first subparagraph shall not apply where an issuer is not under an obligation to include a summary in a prospectus in accordance with Article 7 or in the case of a base prospectus.

Letter (c) of the first subparagraph shall only apply in case of a base prospectus.

2. Where an issuer, an offeror or a person asking for the admission to trading on a regulated market chooses, according to Article 6(3) of Regulation (EU) 2017/1129, to draw up a prospectus or base prospectus as separate documents, registration document or securities note shall be composed of the following parts in the following order:

(a) Table of contents;

(b) General description of the programme;

(c) Risk factors;

(d) Other information items included in the schedules and building blocks according to which the registration document or securities note was drawn up.

Letter (b) of the first subparagraph shall only apply in case of a securities note which is being used as part of a tripartite base prospectus.

3. Where the issuer chooses to include a cover note in the prospectus, the length of such cover note should not exceed three sides of A-4 sized paper.

4. Within the order laid down in paragraphs 1 and 2, the issuer, the offeror or the person asking for admission to trading on a regulated market shall be free to define the order of the required information items included in the schedules and building blocks according to which the prospectus is drawn up.

5. Where the order of the items does not coincide with the order of the information provided for in the schedules and building blocks according to which the prospectus is drawn up, the competent authority of the home Member State may ask the issuer, the offeror or the person asking for the admission to trading on a regulated market to provide a cross reference list for the purpose of checking the prospectus before its approval. Such list shall identify the pages where each item can be found in the prospectus. Notwithstanding the above, where an issuer chooses, according to Article 9 of Regulation (EU) 2017/1129, to draw up a universal registration document, the issuer shall be allowed to deviate from the order set out in the first subparagraph of paragraph 2 as regards the section on risk factors (item c) providing that such section remains a stand-alone item according to item 3 of Annex 1 (Risk Factors) of the technical advice.

6. Where the issuer, offeror or person produces a universal registration document, it shall be free to define the order of the required information items included in the schedules and building blocks according to which the prospectus is drawn up.

7. Where an issuer uses a universal registration document to fulfil its obligation to publish the annual financial report under Article 4 of Directive 2004/109/EC, the information required to be disclosed in the annual financial report shall comply with Commission Delegated Regulation (EU) [ESEF RTS, when it comes into force].

Article E

Minimum information to be included in a prospectus

1. A prospectus shall contain the information items required in Annexes 1 to 15, 17 to 20 and 22 to 26 depending on the type of issuer or issues and securities involved. Without prejudice to Article J, a competent authority shall not require that a prospectus contains information items which are not included in Annexes 1 to 15, 17 to 20 and 22 to 26 or in Article 7 of Regulation (EU) 2017/1129.

2. In order to ensure conformity with the obligation referred to in Article 6(1), or in the case of a simplified prospectus under Article 14(2), of Regulation (EU) 2017/1129, the competent authority of the home Member State, when approving a prospectus in accordance with Article 20 of that Regulation, may, on a case-by-case basis, require the information provided by the issuer, the offeror or the person asking for admission to trading on a regulated market, to be completed, for each of the information items.

3. Where the issuer, the offeror or the person asking for the admission to trading on a regulated market is required to include a summary in a prospectus, in accordance with Article 7 of Regulation (EU) 2017/1129, the competent authority of the home Member State, when approving the prospectus in accordance with Article 20 of that Regulation, may, on a case-by-case basis, require certain information provided in the prospectus, to be included in the summary to ensure conformity with Article 7 of Regulation (EU) 2017/1129.

Article F

Minimum information to be included in the base prospectus

1. A base prospectus shall be drawn up by using one or a combination of schedules and building blocks provided for in this delegated regulation according to the combinations for various types of securities set out in Annex 27.

2. A base prospectus shall contain the information items required in Annexes 3 to 13, 17 to 21, 23 and 25 to 26 depending on the type of issuer and securities involved, provided for in the schedules and building blocks set out in Articles B.[]. A competent authority shall not request that a base prospectus contains information items which are not included in Annexes 3 to 13, 17 to 21, 23 and 25 to 26.

3. In accordance with Article H, the issuer, the offeror or the person asking for admission to trading on a regulated market may omit information items which are not known when the base prospectus is approved and which can only be determined at the time of the individual issue. These information items should then be included in the final terms.

4. The use of the combinations provided for in the table in Annex 27 shall be mandatory when drawing up base prospectuses for the types of securities to which those combinations correspond according to this table. However, for securities not covered by those combinations further combinations may be used.

5. Issuers, offerors or persons asking for admission to trading on a regulated market may compile in one single document two or more different base prospectuses.

Article G

Adaptations to the minimum information given in prospectuses and base prospectuses

1. Notwithstanding Article E (1) and Article F(2), where the issuer's activities fall under one of the categories included in Annex 16, the competent authority of the home Member State, taking into consideration the specific nature of the activities involved, may ask for adapted information, in addition to the information items included in the schedules and building blocks set out in Articles B.1, B.2 etc. in order to comply with the obligation referred to in Article 6(1), or in the case of a simplified prospectus Article 14(2), of Regulation (EU) 2017/1129.

2. By way of derogation from Articles B.1, B.2 etc., where an issuer, an offeror or a person asking for admission to trading on a regulated market applies for approval of a prospectus or a base prospectus for a security which is not the same but comparable to the various types of securities mentioned in the table of combinations set out in Annex 27, the issuer, the offeror or the person asking for admission to trading on a regulated market shall add the relevant information items from another securities note schedule or another building block provided for in Articles [B.1, B.2, B.3, B.4...] to the main securities note schedule chosen. This addition shall be done in accordance with the main characteristics of the securities being offered to the public or admitted to trading on a regulated market.

3. By way of derogation from Articles B.1, B.2 etc., where an issuer, an offeror or a person asking for admission to trading on a regulated market applies for approval of a prospectus or a base prospectus for a new type of security, the issuer, the offeror or the person asking for admission to trading on a regulated market shall notify a draft prospectus or base prospectus to the competent authority of the home Member State.

   The competent authority shall decide, in consultation with the issuer, the offeror or the person asking for admission to trading on a regulated market, what information shall be included in the prospectus or base prospectus in order to comply with the obligation referred to in Article 6(1) of Regulation (EU) 2017/1129.

   The derogation referred to in the first subparagraph shall only apply in case of a new type of security which has features completely different from the various types of securities mentioned in Annex 27, if the characteristics of this new security are such that a combination of the different information items referred to in the schedules and building blocks provided for in Articles B.1, B.2 etc. is not pertinent.

4. By way of derogation from Articles B.1, B.2 etc., in the cases where one of the information items required in one of the schedules or building blocks referred to in Articles B.1, B.2 etc. or equivalent information is not pertinent to the issuer, to the offer or to the securities to which the prospectus relates, that information may be omitted.

Article H

Categories of information in the base prospectus and the final terms

1. The categories set out in Annexes 5 to 8, 11, 19 to 20 and 25 shall determine the degree of flexibility by which the information can be given in the base prospectus or the final terms. The categories shall be defined as follows:

   (a) ‘Category A’ means the relevant information which shall be included in the base prospectus. This information cannot be left in blank for later insertion in the final terms;

   (b) ‘Category B’ means that the base prospectus shall include all the general principles related to the information required, and only the details which are

unknown at the time of the approval of the base prospectus can be left in blank for later insertion in the final terms;

(c) 'Category C' means that the base prospectus may contain a reserved space for later insertion for the information which was not known at the time of the approval of the base prospectus. Such information shall be inserted in the final terms.

2. Where the conditions of Article 23(1) of Regulation (EU) 2017/1129 apply, a supplement shall be required.

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Article I

Final terms

1. The items of the relevant securities note schedule and building blocks, which are included in the base prospectus, shall not be reproduced in the final terms, except where the base prospectus contains options with regard to the information required by the relevant securities note schedule.

2. The final terms shall only contain the following:

(a) The information items categorised as Category B or C within the various securities notes schedules according to which the base prospectus is drawn up;

(b) On a voluntary basis, any 'additional information items' set out in Annex 21, and for which specific placeholders have been included in form of final terms contained in the base prospectus;

(c) Any replication of, or reference to, options already provided for in the base prospectus which are applicable to the individual issue.

3. The final terms shall not amend or replace any information in the base prospectus.

Article J

Share registration document schedule in cases of complex financial history or significant financial commitment

1. Where the issuer of a security covered by Annexes 1 or 14 has a complex financial history, or has made a significant financial commitment, and in consequence the inclusion in the registration document or securities note of items of information, including financial information, relating to an entity other than the issuer is necessary in order to satisfy the obligation laid down in Article 6(1) or Article 14(2) of Regulation (EU) 2017/1129, those items of information shall be deemed to relate to the issuer. The

competent authority of the home Member State shall in such cases request that the issuer, the offeror or the person asking for admission to trading to include those items of information in the registration document drawn up under Annexes 1,17,18, or 22 or, as applicable, a securities note drawn up under Annexes 2, 19, or 24, or, as applicable, the document drawn up under Annex 14.

Those items of information may include pro forma information prepared in accordance with Annex 12. In this context, where the issuer has made a significant financial commitment any such pro forma information shall illustrate the anticipated effects of the transaction that the issuer has agreed to undertake, and references in Annex 12 to 'the transaction' shall be read accordingly.

2. The competent authority shall base any request pursuant to the first subparagraph of paragraph (1) on the requirements set out in the Annexes which would apply to the relevant other entity if it were the issuer who is the subject matter of the prospectus, including as regards the content of financial information and the applicable accounting and auditing principles, subject to any modification which is appropriate in view of any of the following factors:

    (a) The nature of the securities;

    (b) The nature and range of information already included in the prospectus, and the existence of financial information relating to an entity other than the issuer in a form that might be included in a prospectus without modification;

    (c) The facts of the case, including the economic substance of the transactions by which the issuer has acquired or disposed of its business undertaking or any part of it, and the specific nature of that undertaking;

    (d) The ability of the issuer to obtain financial or other information relating to another entity with reasonable effort.

    Where, in the individual case, the obligation laid down in Article 6(1) or Article 14(2) of Regulation (EU) 2017/1129 may be satisfied in more than one way, preference shall be given to the way that is the least costly or onerous.

3. Paragraph (1) is without prejudice to the responsibility under national law of any other person, including the persons referred to in Article 11(1) of Regulation (EU) 2017/1129, for the information contained in the prospectus. In particular, those persons shall be responsible for the inclusion in the registration document or securities note of any items of information requested by the competent authority pursuant to paragraph (1).

Article K

Use of the summary

1. Where an issuer is not under an obligation to include a summary in a prospectus pursuant to Article 7 of Regulation (EU) 2017/1129, but produces an overview section

in the prospectus, this section shall not be entitled ‘Summary’ unless the issuer complies with all disclosure requirements for summaries laid down in Article 7 of Regulation (EU) 2017/1129.

2. Where the summary of a prospectus must be supplemented according to Article 23 of Regulation (EU) 2017/1129, the issuer, the offeror or the person asking for admission to trading on a regulated market shall decide on a case-by-case basis whether to integrate the new information in the original summary by producing a new summary, or to produce a supplement to the summary.

   If the new information is integrated in the original summary, the issuer, the offeror or the person asking for admission to trading on a regulated market shall ensure that investors can easily identify the changes, in particular by way of footnotes.

ITEM	ANNEX 1: SHARE REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's: • Name; • Business address; • Qualifications; • Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that:

	• the (universal) registration document has been approved by the [name of the competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that is the subject of this registration document.
2	**STATUTORY AUDITORS**
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).
2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.
3	**RISK FACTORS**
	A description of the material risks that are specific to the issuer, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the registration document.
4	**INFORMATION ABOUT THE ISSUER**
4.1	The legal and commercial name of the issuer.
4.2	The place of registration of the issuer, its registration number and Legal Entity Identifier.
4.3	The date of incorporation and the length of life of the issuer, except where indefinite.
4.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

5	BUSINESS OVERVIEW
5.1	**Principal activities**
5.1.1	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information; and
5.1.2	An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.
5.2	**Principal markets** A description of the principal markets in which the issuer competes, including a breakdown of total revenues by operating segment and geographic market for each financial year for the period covered by the historical financial information.
5.3	The important events in the development of the issuer's business.
5.4	**Strategy and objectives** A description of the issuer's business strategy and objectives (both financial and non-financial (if any)). This description shall take into account the issuer's future challenges and prospects.
5.5	If material to the issuer's business or profitability, summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.
5.6	The basis for any statements made by the issuer regarding its competitive position.
5.7	**Investments**
5.7.1	A description, (including the amount) of the issuer's material investments for each financial year for the period covered by the historical financial information up to the date of the registration document.
5.7.2	A description of any material investments of the issuer that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).
5.7.3	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant

	effect on the assessment of its own assets and liabilities, financial position or profits and losses.
5.7.4	A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.
6	**ORGANISATIONAL STRUCTURE**
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.
6.2	A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.
7	**OPERATING AND FINANCIAL REVIEW**
7.1	**Financial condition**
7.1.1	To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, a fair review of the development and performance of the issuer's business and of its position for each year and interim period for which historical financial information is required, including the causes of material changes. The review shall be a balanced and comprehensive analysis of the development and performance of the issuer's business and of its position, consistent with the size and complexity of the business. To the extent necessary for an understanding of the issuer's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial Key Performance Indicators relevant to the particular business. The analysis shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.
7.1.2	To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, the review shall also give an indication of : a) the issuer's likely future development; b) activities in the field of research and development. Item 7.1 may be satisfied through the inclusion of the management report referred to in Articles 19 and 29 of Directive 2013/34/EU.
7.2	**Operating results**
7.2.1	Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the

	issuer's income from operations, indicating the extent to which income was so affected.
7.2.2	Where the historical financial information disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes.
8	**CAPITAL RESOURCES**
8.1	Information concerning the issuer's capital resources (both short and long term).
8.2	An explanation of the sources and amounts of and a narrative description of the issuer's cash flows.
8.3	Information on the borrowing requirements and funding structure of the issuer.
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.
8.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2
9	**REGULATORY ENVIRONMENT**
	A description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.
10	**TREND INFORMATION**
10.1	A description of: • The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document; • Any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document, or provide an appropriate negative statement.
10.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

11	PROFIT FORECASTS OR ESTIMATES
11.1	Where an issuer has published a profit forecast or a profit estimate (which is still outstanding and valid) that forecast or estimate shall be included in the registration document. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 11.2 and 11.3.
11.2	Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published profit forecast or a previously published profit estimate pursuant to point 11.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and • in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.
11.3	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the historical financial information and ii) consistent with the issuer's accounting policies.
12	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**
12.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) Members of the administrative, management or supervisory bodies;

	b) Partners with unlimited liability, in the case of a limited partnership with a share capital; c) Founders, if the issuer has been established for fewer than five years; and d) Any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. The nature of any family relationship between any of those persons. In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: a) The names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies; b) Any convictions in relation to fraudulent offences for at least the previous five years; c) Details of any bankruptcies, receiverships, liquidations or companies put into administration with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and(d) of the first subparagraph was associated for at least the previous five years; d) Details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.
12.2	**Administrative, management and supervisory bodies and senior management conflicts of interests** Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 12.1., and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.

	Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management. Details of any restrictions agreed by the persons referred to in item 12.1 on the disposal within a certain period of time of their holdings in the issuer's securities.
13	**REMUNERATION AND BENEFITS**
	In relation to the last full financial year for those persons referred to in points (a) and (d) of the first subparagraph of item 12.1:
13.1	The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person. That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.
14	**BOARD PRACTICES**
	In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to those persons referred to in point (a) of the first subparagraph of 12.1:
14.1	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.
14.2	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement
14.3	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.
14.4	A statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer. In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.

14.5	Potential material impacts on the corporate governance, including future changes in the board and committees composition (in so far as this has been already decided by the board and/or shareholders meeting).
15	**EMPLOYEES**
15.1	Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.
15.2	**Shareholdings and stock options** With respect to each person referred to in points (a) and (d) of the first subparagraph of item 12.1 provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.
15.3	Description of any arrangements for involving the employees in the capital of the issuer.
16	**MAJOR SHAREHOLDERS**
16.1	In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, as at the date of the registration document or, if there are no such persons, an appropriate negative statement.
16.2	Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
16.3	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
16.4	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

17	**RELATED PARTY TRANSACTIONS**
17.1	Details of related party transactions (which for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002 (IFRS)), that the issuer has entered into during the period covered by the historical financial information and up to the date of the registration document, must be disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable. If such standards do not apply to the issuer the following information must be disclosed: a) The nature and extent of any transactions which are — as a single transaction or in their entirety — material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; b) The amount or the percentage to which related party transactions form part of the turnover of the issuer.
18	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**
18.1	**Historical financial information**
18.1.1	Audited historical financial information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.
18.1.2	<u>Change of accounting reference date</u> If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.
18.1.3	<u>Accounting standards</u> The financial information must be prepared according to International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable the financial information must be prepared according to:

	(a) a Member State's national accounting standards for issuers from the EEA, as required by the Accounting Directive[2]; or (b) a third country's national accounting standards equivalent to IFRS for third country issuers. If such third country's national accounting standards are not equivalent to IFRS the financial statements shall be restated in IFRS.
18.1.4	Change of accounting framework The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the accounting framework applicable to an issuer do not require the audited financial statements to be restated solely for the purposes of the prospectus. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements, (as defined by IAS 1 Presentation of Financial Statements), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.
18.1.5	Where the audited financial information is prepared according to national accounting standards, it must include at least the following: a) The balance sheet; b) The income statement; c) a statement showing either all changes in equity or changes in equity other than those arising from capital transaction with owners and distributions to owners; d) The cash flow statement; e) The accounting policies and explanatory notes.
18.1.6	Consolidated financial statements

[2] Directive 2013/34/ EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC.

	If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.
18.1.7	Age of Financial Information The balance sheet date of the last year of audited financial information may not be older than one of the following: a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document; b) 16 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document.
18.2	**Interim and other financial information**
18.2.1	If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been audited or reviewed, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact. If the registration document is dated more than nine months after the date of the last audited financial statements, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year. Interim financial information should be prepared in accordance with the requirements of IFRS. For issuers not subject to IFRS, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.
18.3	**Auditing of historical annual financial information**
18.3.1	The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with the Audit Directive and Audit Regulation.

	Where the Audit Directive [3]and Audit Regulation[4] do not apply; • the historical annual financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. • If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications, , modifications of opinion ,disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
18.3.2	Indication of other information in the registration document which has been audited by the auditors.
18.3.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the information and state that the information is unaudited.
18.4	**Pro forma financial information**
18.4.1	In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported. This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 12 and must include the information indicated therein. Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.
18.5	**Dividend policy**
18.5.1	A description of the issuer's policy on dividend distributions and any restrictions thereon.

[3] Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts

[4] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

18.5.2	The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the issuer has changed, to make it comparable.
18.6	**Legal and arbitration proceedings**
18.6.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.
18.7	**Significant change in the issuer's financial position**
18.7.1	A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.
19	**ADDITIONAL INFORMATION**
19.1	**Share capital** The following information as of the date of the most recent balance sheet included in the historical financial information:
19.1.1	The amount of issued capital, and for each class of share capital: a) The total of the issuer's authorised share capital; b) The number of shares issued and fully paid and issued but not fully paid; c) The par value per share, or that the shares have no par value; and d) A reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.
19.1.2	If there are shares not representing capital, state the number and main characteristics of such shares.
19.1.3	The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.

19.1.4	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.
19.1.5	Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.
19.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.
19.1.7	A history of share capital, highlighting information about any changes, for the period covered by the historical financial information.
19.2	**Memorandum and Articles of Association**
19.2.1	The register and the entry number therein, if applicable, and a brief description of the issuer's objects and purposes and where they can be found in the up to date memorandum and articles of association.
19.2.2	Where there is more than one class of existing shares, a description of the rights, preferences and restrictions attaching to each class.
19.2.3	A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.
20	**MATERIAL CONTRACTS**
	A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document. A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the registration document.
21	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, can be inspected: a) The up to date memorandum and articles of association of the issuer;

	b) All reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 2: SHARE SECURITIES NOTE
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide: a) Such person's name; b) Business address; c) Qualifications; d) Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the Securities Note.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that: • this [securities note / prospectus] has been approved by the name of competent authority], as competent authority under Regulation (EU) 2017/1129. • the [name of competent authority] only approves this [securities note / prospectus] as meeting the standards of

	completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. • such approval should not be considered as an endorsement of [the quality of the securities that are the subject of this [securities note / prospectus] and • investors should make their own assessment as to the suitability of investing in the securities.
2	**RISK FACTORS**
	A description of the material risks that are specific to the securities being offered and/or admitted to trading in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.
3	**ESSENTIAL INFORMATION**
3.1	**Working capital statement** Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.
3.2	**Capitalisation and indebtedness** A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, debt, collateralised and non-collateralised loans) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness. In the case of material changes in the capitalisation and indebtedness position of the issuer within the 90 day period, additional information shall be given through the presentation of a narrative description of such changes or through the updating of those figures.
3.3	**Interest of natural and legal persons involved in the issue/offer** A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.
3.4	**Reasons for the offer and use of proceeds** Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the issuer is

	aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.
4	**INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING**
4.1	A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number).
4.2	Legislation under which the securities have been created.
4.3	An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.
4.4	Currency of the securities issue.
4.5	A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights: a) Dividend rights: 1) Fixed date(s) on which the entitlement arises; 2) Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates; 3) Dividend restrictions and procedures for non-resident holders; 4) Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments. b) Voting rights; c) Pre-emption rights in offers for subscription of securities of the same class; d) Right to share in the issuer's profits; e) Rights to share in any surplus in the event of liquidation; f) Redemption provisions; g) Conversion provisions.

4.6	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.
4.7	In the case of new issues, the expected issue date of the securities.
4.8	A description of any restrictions on the free transferability of the securities.
4.9	Statement on the existence of any national legislation on takeovers applicable to the issuer and the possibility for frustrating measures if any. A brief description of the shareholders' rights and obligations in case of mandatory takeover bids and/or squeeze-out or sell-out rules in relation to the securities.
4.10	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.
4.11	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.
4.12	Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU.
4.13	If different from the issuer, the identity and contact details of the offeror, of the securities and/or the person asking for admission to trading, including LEI where the offeror has legal personality.
5	**TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC**
5.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**
5.1.1	Conditions to which the offer is subject.
5.1.2	Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, an indication of the maximum amount of securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities cannot be provided in the prospectus, the prospectus shall specify that acceptances of the

	purchase or subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.
5.1.3	The time period, including any possible amendments, during which the offer will be open and description of the application process.
5.1.4	An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.
5.1.5	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.
5.1.6	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).
5.1.7	An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.
5.1.8	Method and time limits for paying up the securities and for delivery of the securities.
5.1.9	A full description of the manner and date in which results of the offer are to be made public.
5.1.10	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.
5.2	**Plan of distribution and allotment**
5.2.1	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
5.2.2	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.
5.2.3	Pre-allotment Disclosure: a) The division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches; b) The conditions under which the claw- back may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches;

	c) The allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches; d) A description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups. e) Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by; f) A target minimum individual allotment if any within the retail tranche; g) The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest; h) Whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.
5.2.4	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.
5.3	**Pricing**
5.3.1	An indication of the price at which the securities will be offered and the amount of any expenses and taxes charged to the subscriber or purchaser. If the price is not known, pursuant to Article 17 of Regulation (EU) 2017/1129 indicate: a) The maximum price as far as it is available; or b) The valuation methods and criteria, and/or conditions, in accordance with which the final offer price has been or will be determined and an explanation of any valuation methods used. Where neither (a) nor (b) can be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities to be offered to the public has been filed.
5.3.2	Process for the disclosure of the offer price.
5.3.3	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.

5.3.4	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.
5.4	**Placing and underwriting**
5.4.1	Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extend known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.
5.4.2	Name and address of any paying agents and depository agents in each country.
5.4.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under best efforts'' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.
5.4.4	When the underwriting agreement has been or will be reached.
6	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS**
6.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or third country markets, SME Growth Market or MTF with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.
6.2	All the regulated markets, third country markets, SME Growth Market or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.
6.3	If simultaneously or almost simultaneously with the application for the admission of the securities to a regulated market securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details

	of the nature of such operations and of the number, characteristics and price of the securities to which they relate.
6.4	In case of an admission to trading on a regulated market, details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.
6.5	Stabilisation: in case of an admission to trading on a regulated market, third country market, SME Growth Market or MTF where an issuer or a selling shareholder has granted an over- allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offer:
6.5.1	The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time.
6.5.1.1	The fact that stabilisation transactions aim at supporting the market price of the securities during the stabilisation period.
6.5.2	The beginning and the end of the period during which stabilisation may occur,
6.5.3	The identity of the stabilisation manager for each relevant jurisdiction unless this is not known at the time of publication,
6.5.4	The fact that stabilisation transactions may result in a market price that is higher than would otherwise prevail.
6.5.5	The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s).
6.6	Over-allotment and 'green shoe': In case of an admission to trading on a regulated market or an MTF: a) The existence and size of any over- allotment facility and/or 'green shoe'; b) The existence period of the over- allotment facility and/or 'green shoe'; c) Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.
7	**SELLING SECURITIES HOLDERS**
7.1	Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates.

7.2	The number and class of securities being offered by each of the selling security holders.
7.3	Where a major shareholder is selling the securities, the size of its shareholding both before and immediately after the issuance.
7.4	**Lock-up agreements** The parties involved. Content and exceptions of the agreement. Indication of the period of the lock up.
8	**EXPENSE OF THE ISSUE/OFFER**
8.1	The total net proceeds and an estimate of the total expenses of the issue/offer.
9	**DILUTION**
9.1	A comparison of: a) Participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; and b) The net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and / or capital increase) and the offering price per share within that public offer.
9.2	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience shall also be presented on the basis that they do take up their entitlement (in addition to the situation in 9.1 where they do not).
10	**ADDITIONAL INFORMATION**
10.1	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.
10.2	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.

ITEM	ANNEX 3: RETAIL DEBT AND DERIVATIVES REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide: a) Such person's name; b) Business address; c) Qualifications; d) Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that:

	• the registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that it the subject of this registration document.
2	**STATUTORY AUDITORS**
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).
2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.
3	**RISK FACTORS**
3.1	A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risk factors, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risk factors shall be corroborated by the content of the registration document.
4	**INFORMATION ABOUT THE ISSUER**
4.1	**History and development of the issuer**
4.1.1	The legal and commercial name of the issuer
4.1.2	The place of registration of the issuer, its registration number and Legal Entity Identifier.
4.1.3	The date of incorporation and the length of life of the issuer, except where indefinite.
4.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the

	website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.
4.1.5	Any recent events particular to the issuer and which are to a material extent relevant to an evaluation of the issuer's solvency.
4.1.6	Credit ratings assigned to an issuer at the request or with the cooperation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.
4.1.7	Information on: (a) the material changes in the issuer's borrowing and funding structure since the last financial year; and (b) description of the expected financing of its activities.
5	**BUSINESS OVERVIEW**
5.1	**Principal activities**
5.1.1	A description of the issuer's principal activities, including: a) the main categories of products sold and/or services performed; b) an indication of any significant new products or activities; and c) the principle markets in which the issuer competes.
5.2	The basis for any statements made by the issuer regarding its competitive position.
6	**ORGANISATIONAL STRUCTURE**
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.
7	**TREND INFORMATION**
7.1	A description of: a) any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and b) any significant change in the financial performance of the group since the end of the last financial period for which

	financial information has been published to the date of the registration document. If neither of the above are applicable then the issuer should include (an) appropriate negative statement(s).
7.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.
8	**PROFIT FORECASTS OR ESTIMATES**
8.1	Where an issuer chooses to include a profit forecast or a profit estimate (which is still outstanding and valid) that forecast or estimate included in the registration document must contain the information set out in items 8.2 and 8.3 If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such profit forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 8.2 to 8.3.
8.2	Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published profit forecast or a previously published profit estimate pursuant to point 8.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and • In the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.
8.3	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the historical financial information and ii) consistent with the issuer's accounting policies.

9	**ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES**
9.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) Members of the administrative, management or supervisory bodies; b) Partners with unlimited liability, in the case of a limited partnership with a share capital.
9.2	**Administrative, management, and supervisory bodies' conflicts of interests** Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.
10	**MAJOR SHAREHOLDERS**
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
11	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**
11.1	**Historical financial information**
11.1.1	Audited historical financial information covering the latest two financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.
11.1.2	Change of accounting reference date If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical financial information shall cover at least 24 months, or the entire period for which the issuer has been in operation, whichever is shorter.
11.1.3	Accounting Standards

	The financial information must be prepared according to International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable, the financial information must be prepared according to: (a) a Member State's national accounting standards for issuers from the EEA; (b) a third country's national accounting standards equivalent to IFRS for third country issuers. If such third country's national accounting standards are not equivalent to IFRS, the financial statements shall be restated in IFRS.
11.1.4	<u>Change of accounting framework</u> The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements. Changes within the issuer's existing accounting framework do not require the audited financial statements to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, the latest year of financial statements must be prepared and audited in line with the new framework.
11.1.5	Where the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following: (a) The balance sheet; (b) The income statement; (c) The cash flow statement; (d) The accounting policies and explanatory notes.
11.1.6	<u>Consolidated financial statements</u> If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.
11.1.7	<u>Age of Financial Information</u> The balance sheet date of the last year of audited financial information statements may not be older than 18 months from the date of the registration document.
11.2	**Interim and other financial information**
11.2.1	If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements,

	these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact. If the registration document is dated more than nine months after the date of the last audited financial statements, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year. Interim financial information should be prepared in accordance with the requirements of the Accounting Directive[5] or IFRS as the case may be. For issuers not subject to either the Accounting Directive or IFRS the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet.
11.3	**Auditing of historical annual financial information**
11.3.1	The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with the Audit Directive[6] and Audit Regulation[7]. Where the Audit Directive and Audit Regulation do not apply; • the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. • if audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
11.3.2	Indication of other information in the registration document which has been audited by the auditors.

[5] Directive 2013/34/ EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC

[6] Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

[7] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

11.3.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.
11.4	**Legal and arbitration proceedings**
11.4.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.
11.5	**Significant change in the issuer's financial position**
11.5.1	A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement.
12	**ADDITIONAL INFORMATION**
12.1	**Share capital** The amount of the issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics, the part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.
12.2	**Memorandum and Articles of Association** The register and the entry number therein, if applicable, and a description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association.
13	**MATERIAL CONTRACTS**
	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.
4	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, can be inspected:

	(a) The up to date memorandum and articles of association of the issuer; (b) All reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 4: WHOLESALE DEBT AND DERIVATIVES REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide: a) Such person's name; b) Business address; c) Qualifications; d) Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that: • the registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that it the subject of this registration document.

2	**STATUTORY AUDITORS**
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).
2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.
3	**RISK FACTORS**
	A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risk factors, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risk factors shall be corroborated by the content of the registration document.
4	**INFORMATION ABOUT THE ISSUER**
4.1	**History and development of the Issuer**
4.1.1	The legal and commercial name of the issuer
4.1.2	The place of registration of the issuer, its registration number and Legal Entity Identifier.
4.1.3	The date of incorporation and the length of life of the issuer, except where indefinite
4.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.
4.1.5	Any recent events particular to the issuer and which are to a material extent relevant to an evaluation of the issuer's solvency.
4.1.6	Credit ratings assigned to the issuer at the request or with the cooperation of the issuer in the rating process.
5	**BUSINESS OVERVIEW**
5.1	**Principal activities**
5.1.1	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.

5.1.2	The basis for any statements made by the issuer regarding its competitive position.
6	**ORGANISATIONAL STRUCTURE**
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.
7	**TREND INFORMATION**
7.1	A description of: a) Any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and b) Any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document. If neither of the above are applicable then the issuer should include (an) appropriate negative statement(s).
8	**PROFIT FORECASTS OR ESTIMATES**
8.1	Where an issuer chooses to include a profit forecast or a profit estimate, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.
	The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; and • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast. • in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.
8.2	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the historical financial information and ii) consistent with the issuer's accounting policies.

9	**ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES**
9.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) Members of the administrative, management or supervisory bodies; b) Partners with unlimited liability, in the case of a limited partnership with a share capital.
9.2	**Administrative, management, and supervisory bodies conflicts of interests** Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1., and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.
10	**MAJOR SHAREHOLDERS**
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
11	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**
11.1	**Historical financial information**
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.
11.1.2	Change of accounting reference date If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical financial information shall cover at least 24 months, or the entire period for which the issuer has been in operation, whichever is shorter.
11.1.3	Accounting standards The financial information must be prepared according to International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable the financial statements must be prepared according to: (a) a Member State's national accounting standards for issuers from the EEA;

	(b) a third country's national accounting standards equivalent to IFRS for third country issuers. Otherwise the following information must be included in the registration document: (a) A prominent statement that the financial information included in the registration document has not been prepared in accordance with IFRS as adopted by the EU and that there may be material differences in the financial information had IFRS been applied to the historical financial information; (b) Immediately following the historical financial information a narrative description of the differences between IFRS as adopted by the EU and the accounting principles adopted by the issuer in preparing its annual financial statements.
11.1.4	Where the audited financial information is prepared according to national accounting standards, the financial information must include at least the following: (a) The balance sheet; (b) The income statement; (c) The accounting policies and explanatory notes.
11.1.5	<u>Consolidated financial statements</u> If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.
11.1.6	<u>Age of financial information</u> The balance sheet date of the last year of audited financial information may not be older than 18 months from the date of the registration document
11.2	**Auditing of Historical financial information**
11.2.1	The historical financial information must be independently audited. The audit report shall be prepared in accordance with the Audit Directive and Audit Regulation. Where the Audit Directive[8] and Audit Regulation[9] do not apply; • the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document:

[8] Directive 2013/34/ EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC.

[9] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

	1) a prominent statement disclosing which auditing standards have been applied; 2) an explanation of any significant departures from International Standards on Auditing. • If audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
11.2.2	Indication of other information in the registration document which has been audited by the auditors.
11.2.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.
11.3	**Legal and arbitration proceedings**
11.3.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.
11.4	**Significant change in the issuer's financial position**
11.4.1	A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement.
12	**MATERIAL CONTRACTS**
	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.
13	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents , where applicable, can be inspected: (a) The up to date memorandum and articles of association of the issuer; (b) All reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document.

	An indication of the website on which the documents may be inspected.

ITEM	ANNEX 5: RETAIL DEBT AND DERIVATIVES SECURITIES NOTE	CAT.
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	A
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	A
1.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide: a) Such person's name; b) Business address; c) Qualifications; d) Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the securities note for the purpose of the prospectus.	A
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	C

1.5	A statement that: • this [securities note / prospectus] has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129. • the [name of competent authority] only approves this [securities note / prospectus] as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. • such approval should not be considered as an endorsement of [the quality of the securities that are the subject of this [securities note / prospectus] and • investors should make their own assessment as to the suitability of investing in the securities.	A
2	**RISK FACTORS**	
2.1	A description of the material risks that are specific to the securities being offered and/or admitted to trading in a limited number of categories, in a section headed 'Risk Factors'. Risks to be disclosed shall include: a) those resulting from the level of subordination of a security and the impact on the expected size or timing of payments to holders of the securities under bankruptcy, or any other similar procedure, including, where relevant, the insolvency of a credit institution or its resolution or restructuring in accordance with Directive 2014/59/EU (BRRD); and b) in cases where the securities are guaranteed, the specific and material risks related to the guarantor to the extent they are relevant to its ability to fulfil its commitment under the guarantee. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.	A

3	**ESSENTIAL INFORMATION**	
3.1	**Interest of natural and legal persons involved in the issue/offer** A description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest.	 C
3.2	**Reasons for the offer and use of proceeds** Reasons for the offer to the public or for the admission to trading. Where applicable, disclosure of the estimated total expenses of the issue/offer and the estimated net amount of the proceeds. These expenses and proceeds shall be broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed.	 C
4	**INFORMATION CONCERNING THE SECURITIES TO BE OFFERED TO THE PUBLIC/ADMITTED TO TRADING**	
4.1	A description of the type and the class of the securities being offered to the public and/or admitted to trading, including the ISIN (International Security Identification Number)	B C
4.2	Legislation under which the securities have been created.	A
4.3	An indication of whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.	A C
4.4	Total amount of the securities offered to the public/admitted to trading. If the amount is not fixed, an indication of the maximum amount of the securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities to be offered cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less	C

	than two working days after the amount of securities to be offered to the public has been filed.	
4.5	Currency of the securities issue.	C
4.6	The relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of a resolution under Directive 2014/59/EU.	A
4.7	A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.	B
4.8	The nominal interest rate. Provisions relating to interest payable. The date from which interest becomes payable. ~~and~~ The due dates for interest. The time limit on the validity of claims to interest and repayment of principal Where the rate is not fixed: a) A statement setting out the type of underlying; b) A description of the underlying on which it is based; c) And of the method used to relate the two; d) An indication where information about the past and the future performance of the underlying and its volatility can be obtained by electronic means and whether or not it can be obtained free of charge; e) A description of any market disruption or settlement disruption events that affect the underlying; f) Adjustment rules with relation to events concerning the underlying; g) Name of the calculation agent;	C B C C B A C B C B B C

	h) If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.	B
4.9	Maturity date. Arrangements for the amortisation of the loan, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the issuer or of the holder, it shall be described, stipulating amortisation terms and conditions.	C B
4.10	An indication of yield. Describe the method whereby that yield is calculated in summary form	C B
4.11	Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of the website where the public may have free access to the contracts relating to these forms of representation.	B
4.12	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.	C
4.13	The issue date or in the case of new issues, the expected issue date of the securities.	C
4.14	A description of any restrictions on the free transferability of the securities.	A
4.15	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.	A
4.16	If different from the issuer, the identity and contact details of the offeror, of the securities and/or the person	C

	asking for admission to trading, including LEI where the offeror has legal personality.	
5	**TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC**	
5.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**	
5.1.1	Conditions to which the offer is subject.	C
5.1.2	The time period, including any possible amendments, during which the offer will be open. A description of the application process.	C
5.1.3	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	C
5.1.4	Details of the minimum and/or maximum amount of application, (whether in number of securities or aggregate amount to invest).	C
5.1.5	Method and time limits for paying up the securities and for delivery of the securities.	C
5.1.6	A full description of the manner and date in which results of the offer are to be made public.	C
5.1.7	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	C
5.2	**Plan of distribution and allotment**	
5.2.1	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.	C
5.2.2	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.	C
5.3.	**Pricing**	
5.3.1	An indication of the expected price at which the securities will be offered; or	C

	A description of the method of determining the price, pursuant to Article 17 of Regulation (EU) 2017/1129, and the process for its disclosure. Indicate the amount of any expenses and taxes charged to the subscriber or purchaser. Where the issuer is subject to Regulation (EU) No 1286/2014 and / or Directive 2014/65/EU and to the extent that they are known, include those expenses contained in the price.	B C
5.4	**Placing and Underwriting**	
5.4.1	Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extend known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.	C
5.4.2	Name and address of any paying agents and depository agents in each country.	C
5.4.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.	C
5.4.4	When the underwriting agreement has been or will be reached.	C
6	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS**	
6.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other third country markets, SME Growth Market or MTF with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, give the earliest dates on which the securities will be admitted to trading.	B C
6.2	All the regulated markets or third country markets, SME Growth Market or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities	C

	to be offered to the public or admitted to trading are already admitted to trading.	
6.3	In the case of admission to trading on a regulated market, the name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.	C
6.4	The issue price of the securities.	C
7	**ADDITIONAL INFORMATION**	
7.1	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	C
7.2	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.	A
7.3	Credit ratings assigned to the securities at the request or with the co-operation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.	C
7.4	Where the summary is substituted in part with the information set out in Article 8, paragraph 3, points (c) to (i) of Regulation (EU) n. 1286/2014, all such information to the extent it is not already disclosed elsewhere in the securities note.	C

ITEM	ANNEX 6: WHOLESALE DEBT AND DERIVATIVES SECURITIES NOTE	CAT.
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	A
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	A
1.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the Securities Note.	A
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	C
1.5	A statement that: • this [securities note/prospectus] has been approved by the [name of competent authority],	A

	as competent authority under Regulation (EU) 2017/1129. • the [name of competent authority] only approves this [securities note / prospectus] as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. • such approval should not be considered as an endorsement of [the quality of the securities that are the subject of this [securities note / prospectus] and • investors should make their own assessment as to the suitability of investing in the securities	
2	**RISK FACTORS**	
2.1	A description of the material risks that are specific to the securities being offered and/or admitted to trading in a limited number of categories, in a section headed 'Risk Factors'. Risks to be disclosed shall include: a) those resulting from the level of subordination of a security and the impact on the expected size or timing of payments to holders of the securities under bankruptcy, or any other similar procedure, including, where relevant, the insolvency of a credit institution or its resolution or restructuring in accordance with Directive 2014/59/EU (BRRD); and b) in cases where the securities are guaranteed, the specific and material risks related to the guarantor to the extent they are relevant to its ability to fulfil its commitment under the guarantee. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.	A
3	**ESSENTIAL INFORMATION**	
3.1	Interest of natural and legal persons involved in the issue.	C

	A description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest.	
3.2	The use and estimated net amount of the proceeds.	
4	**INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**	
4.1	Total amount of securities being admitted to trading.	C
4.2	A description of the type and the class of the securities being admitted to trading, including the ISIN (international security identification number)	B C
4.3	Legislation under which the securities have been created.	A
4.4	An indication of whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.	A C
4.5	Currency of the securities issue.	C
4.6	The relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of a resolution under Directive 2014/59/EU.	A
4.7	A description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of said rights.	B
4.8	The nominal interest rate. Provisions relating to interest payable. The date from which interest becomes payable. The due dates for interest. The time limit on the validity of claims to interest and repayment of principal.	C B C C B

	Where the rate is not fixed: a) A statement setting out the type of underlying; b) A description of the underlying on which it is based; c) And of the method used to relate the two; d) A description of any market disruption or settlement disruption events that affect the underlying; e) Adjustment rules with relation to events concerning the underlying; f) The name of the calculation agent.	 A C B B C C
4.9	Maturity date. Arrangements for the amortisation of the loan, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the issuer or of the holder, it shall be described, stipulating amortisation terms and conditions.	C B
4.10	An indication of yield.	C
4.11	Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of the website where investors may have free access to the contracts relating to these forms of representation.	B
4.12	A statement of the resolutions, authorisations and approvals by virtue of which the securities have been created and/or issued.	C
4.13	The issue date of the securities.	C
4.14	A description of any restrictions on the free transferability of the securities.	A
4.15	If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including LEI where the offeror has legal personality.	C

5	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS**	
5.1	Indication of the regulated market, or other third country market, SME Growth Market or MTF where the securities will be traded and for which a prospectus has been published. If known, give the earliest dates on which the securities will be admitted to trading.	B C
5.2	Name and address of any paying agents and depository agents in each country.	C
6	**EXPENSE OF THE ADMISSION TO TRADING**	
	An estimate of the total expenses related to the admission to trading.	C
7	**ADDITIONAL INFORMATION**	
7.1	If advisors are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	C
7.2	An indication of other information in the Securities Note which has been audited or reviewed by auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.	A
7.3	Credit ratings assigned to the securities at the request or with the co-operation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.	C

ITEM	ANNEX 7: DERIVATIVE SECURITIES BUILDING BLOCK	CAT.
1	**RISK FACTORS**	
	Prominent disclosure of risk factors that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed 'risk factors'. If applicable, this must include a risk warning to the effect that investors may lose the value of their entire investment or part of it, as the case may be, and/or, if the investor's liability is not limited to the value of his investment, a statement of that fact, together with a description of the circumstances in which such additional liability arises and the likely financial effect.	A
2	**INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING**	
2.1	**Information concerning the securities**	
2.1.1	A clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident, unless the securities have a denomination per unit of at least EUR 100 000, or can only be acquired for at least EUR 100 000 per security, or are to be traded on a regulated market or a specific segment of a regulated market to which only qualified investors can have access.	B
2.1.2	The expiration or maturity date of the derivative securities. The exercise date or final reference date.	C
2.1.3	A description of the settlement procedure of the derivative securities.	B
2.1.4	A description of: (a) How any return on derivative securities takes place; (b) The payment or delivery date; (c) And the way it is calculated.	 B C B

2.2	**Information concerning the underlying**	
2.2.1	The exercise price or the final reference price of the underlying.	C
2.2.2	A statement setting out the type of the underlying. Details of where information on the underlying can be obtained including an indication of where information about the past and the future performance of the underlying and its volatility can be obtained by electronic means, and whether or not it can be obtained free of charge. Where the underlying is a security: a) the name of the issuer of the security; and b) the ISIN (International Security Identification Number). Where the underlying is a reference entity or reference obligation (for credit-linked securities): a) Where the reference entity or reference obligation comprises of a single entity or obligation, or in the case of a pool of underlyings where a single reference entity or reference obligation represents 20% or more of the pool 1) if the reference entity (or issuer of the reference obligation) has no securities admitted to trading on a regulated market, equivalent third country market or SME Growth Market, so far as the issuer is aware and/or able to ascertain from information published by the reference entity (or by the issuer of the reference obligation), information relating to the reference entity (or to the issuer of the reference obligation) as if it were the issuer (in accordance with the wholesale debt and derivatives registration document schedule); or 2) if the reference entity (or the issuer of the reference obligation) has securities already admitted to trading on a regulated market, equivalent third country market or SME Growth Market, so far as the issuer is aware and/or able to ascertain from information published by the reference entity (or by the issuer of the reference obligation), its name,	A C C C A C

	ISIN (International Security Identification Number), address, country of incorporation, industry or industries in which the reference entity (or the issuer of the reference obligation) operates and the name of the market in which its securities are admitted.	
	b) In the case of a pool of underlyings, where a single reference entity or reference obligation represents less than 20% of the pool:	
	1) the names of the reference entities or issuers of the reference obligation; and	C
	2) the ISIN (International Security Identification Number)	C
	Where the underlying is an index:	
	a) the name of the index;	C
	b) a description of the index if it is composed by the issuer or by any legal entity belonging to the same group;	A
	c) a description of the index provided by a legal entity or a natural person acting in association with, or on behalf of, the issuer, unless the prospectus contains the following statements:	B
	1) The complete set of rules of the index and information on the performance of the index are freely accessible on the issuer's or on the index provider's website; and	
	2) the governing rules (including methodology of the index for the selection and the re-balancing of the components of the index, description of market, disruption events and adjustment rules) are based on predetermined and objective criteria.	
	d) If the index is not composed by the issuer, an indication of where information about the index can be obtained.	C
	Letters b) and c) do not apply but letter d) applies where the administrator of the index is included in the public	

	register maintained by ESMA under Article 36 of Regulation (EU) 2016/1011[10]. Where the underlying is an interest rate, a description of the interest rate. Where the underlying does not fall within the categories specified above, the securities note shall contain equivalent information. Where the underlying is a basket of underlyings, disclosure for each underlying as described above and disclosure of the relevant weightings of each underlying in the basket.	 C C C
2.2.3	A description of any market disruption or settlement disruption or credit events that affect the underlying.	B
2.2.4	Adjustment rules with relation to events concerning the underlying.	B
3	**ADDITIONAL INFORMATION**	
	An indication in the prospectus whether or not the issuer intends to provide post issuance information. Where the issuer has indicated that it intends to report such information, the issuer shall specify in the prospectus what information will be reported and where such information can be obtained.	C

[10] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on índices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

ITEM	ANNEX 8: BUILDING BLOCK ON THE UNDERLYING SHARE	CAT.
1	**DESCRIPTION OF THE UNDERLYING SHARE**	
1.1	Describe the type and the class of the shares.	A
1.2	Legislation under which the shares have been or will be created.	A
1.3	Indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.	A C
1.4	Indication of the currency of the shares issue	A
1.5	A description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of those rights: a) Dividend rights: 1) Fixed date(s) on which the entitlement arises; 2) Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates; 3) Dividend restrictions and procedures for non-resident holders; 4) Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments. b) Voting rights; c) Pre-emption rights in offers for subscription of securities of the same class; d) Right to share in the issuer's profits; e) Rights to share in any surplus in the event of liquidation; f) Redemption provisions; g) Conversion provisions.	A
1.6	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of	C

	which the shares have been or will be created and/or issued and indication of the issue date.	
1.7	Where and when the shares will be or have been admitted to trading.	C
1.8	Description of any restrictions on the free transferability of the shares.	A
1.9	Statement on the existence of any national legislation on takeovers applicable to the issuer and the possibility for frustrating measures if any. Brief description of the shareholders' rights and obligations in case of mandatory takeover bid, squeeze-out or sell-out).	A
1.10	Indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.	C
1.11	A comparison of: a) Participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; and b) The net asset value per share as of the date of the latest balance before the public offer (selling offer and / or capital increase) and the offering price per share within that public offer.	C C
2	**INFORMATION TO BE PROVIDED WHERE THE ISSUER OF THE UNDERLYING IS AN ENTITY BELONGING TO THE SAME GROUP**	C
	When the issuer of the underlying is an entity belonging to the same group, the information to provide on this issuer is the one required by the share Registration Document schedule or, if applicable, the respective share schedule of the Registration Document schedule for secondary issuances or EU growth Registration Document schedule.	A

ITEM	ANNEX 9: THIRD COUNTRIES AND THEIR REGIONAL AND LOCAL AUTHORITIES REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide: a) Such person's name; b) Business address; c) Qualifications. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus. To the extent known to the issuer, provide information in respect of any interest relating to such expert which may have an effect on the independence of the expert in the preparation of the report.
1.4	A statement that: • the registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of

	completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that it the subject of this registration document;
2	**RISK FACTORS**
	A description of the material risks that are specific to the issuer in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risk factors, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risk factors shall be corroborated by the content of the registration document.
3	**INFORMATION ABOUT THE ISSUER**
3.1	**History and development of the issuer** The legal name of the issuer and a brief description of the issuer's position within the national governmental framework.
3.2	The domicile or geographical location and legal form of the issuer and its contact address, telephone number and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.
3.3	Any recent events relevant to the evaluation of the issuer's solvency.
3.4	A description of the issuer's economy including: a) The structure of the economy with details of the main sectors of the economy; b) Gross domestic product with a breakdown by the issuer's economic sectors for the previous two fiscal years.
3.5	A general description of the issuer's political system and government including details of the governing body of the issuer.
3.6	Credit ratings assigned to the issuer at the request or with the cooperation of the issuer in the rating process.
4	**PUBLIC FINANCE AND TRADE**
	Information on the following for the two fiscal years prior to the date of the registration document:

	a) The tax and budgetary systems; b) Gross public debt including a summary of the debt, the maturity structure of outstanding debt (particularly noting debt with a residual maturity of less than one year) and debt payment record, and of the parts of debt denominated in the domestic currency of the issuer and in foreign currencies; c) Foreign trade and balance of payment figures; d) Foreign exchange reserves including any potential encumbrances to such foreign exchange reserves as forward contracts or derivatives; e) Financial position and resources including liquid deposits available in domestic currency; f) Income and expenditure figures. Description of any auditing or independent review procedures on the accounts of the issuer.
5	**SIGNIFICANT CHANGE**
	Details of any significant changes to the information provided pursuant to item 4 which have occurred since the end of the last fiscal year, or an appropriate negative statement.
6	**LEGAL AND ARTIBRATION PROCEEDINGS**
6.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer's financial position, or provide an appropriate negative statement.
6.2	Information on any immunity the issuer may have from legal proceedings.
7	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, can be inspected: a) Financial and audit reports for the issuer covering the last two fiscal years and the budget for the current fiscal year; b) All reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 10: ASSET-BACKED SECURITIES REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the registration document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information given in the registration document is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import
1.3	Where a statement or report attributed to a person as an expert is included in the registration document, provide: a) Such person's name; b) Business address; c) Qualifications; d) Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading In addition, the issuer shall identify the source(s) of the information.

1.5	A statement that: • the registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that it the subject of this registration document.
2	**STATUTORY AUDITORS**
	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with any membership of any relevant professional body).
3	**RISK FACTORS**
	A description of the material risks that are specific to the issuer in a limited number of categories, in a section headed 'Risk Factors**'.** In each category the most material risk factors, in the assessment of the issuer, offer or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risk factors shall be corroborated by the content of the registration document.
4	**INFORMATION ABOUT THE ISSUER**
4.1	A statement whether the issuer has been established as a special purpose vehicle.
4.2	The legal and commercial name of the issuer. Legal Entity Identifier.
4.3	The place of registration of the issuer and its registration number.
4.4	The date of incorporation and the length of life of the issuer, except where indefinite.
4.5	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation and the address and telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, or website of a third party or guarantor, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

4.6	Description of the amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the securities of which it is composed.
5	**BUSINESS OVERVIEW**
	A brief description of the issuer's principal activities.
6	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**
	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) Members of the administrative, management or supervisory bodies; b) Partners with unlimited liability, in the case of a limited partnership with a share capital.
7	**MAJOR SHAREHOLDERS**
	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
8	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES**
8.1.	Where, since the date of incorporation or establishment, an issuer has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect shall be provided in the registration document.
8.2.	**Historical Financial Information** Where, since the date of incorporation or establishment, an issuer has commenced operations and financial statements have been made up, the registration document must contain audited historical financial information covering the latest two financial years (at least 24 months) (or such shorter period that the issuer has been in operation) and the audit report in respect of each year. **Change of accounting reference date** If the issuer has changed its accounting reference date during the period for which historical financial information is required, the historical financial information shall cover at least 24 months, or the

	entire period for which the issuer has been in operation, whichever is the shorter. **Accounting standards** The financial information must be prepared according to International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable the financial statements must be prepared according to: (a) a Member State's national accounting standards for issuers from the EEA; (b) a third country's national accounting standards equivalent to IFRS for third country issuers. If such third country's national accounting standards are not equivalent to IFRS the financial statements shall be restated in IFRS. **Change of accounting framework** The last year's historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next annual published financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the issuer's existing accounting framework do not require the audited financial statements to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements, (as defined by IAS 1 Presentation of Financial Statements), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements. Where the audited financial information is prepared according to national accounting standards, financial information required under this heading must include at least the following: a) The balance sheet; b) The income statement; c) The accounting policies and explanatory notes.
8.2.a	*This paragraph may be used only for issues of asset-backed securities having a denomination per unit of at least EUR 100 000 or which are to be traded only on a regulated market, and/or a specific section thereof, to which only qualified investors have access for the purpose of trading in the securities.*

	Audited financial statements Where, since the date of incorporation or establishment, an issuer has commenced operations and financial statements have been made up, the registration document must contain historical financial information–covering the latest two financial years (at least 24 months) (or such shorter period that the issuer has been in operation) and the audit report in respect of each year. **Accounting standards** The financial information must be prepared according to International Financial Reporting Standards as adopted by the EU. If IFRS is not applicable the financial statements must be prepared according to: a) a Member State's national accounting standards for issuers from the EEA; b) a third country's national accounting standards equivalent to IFRS for third country issuers. Otherwise the following information must be included in the registration document: a) A prominent statement that the financial information included in the registration document has not been prepared in accordance with IFRS as adopted by the EU and that there may be material differences in the financial information had IFRS been applied to the historical financial information; b) Immediately following the historical financial information a narrative description of the differences between IFRS as adopted by the EU and the accounting principles adopted by the issuer in preparing its annual financial statements. Where the audited financial information is prepared according to national accounting standards, it must include at least the following: a) The balance sheet; b) The income statement; c) The accounting policies and explanatory notes.

	Audit report The historical financial information must be independently audited. The audit report shall be prepared in accordance with the Audit Directive[11] and Audit Regulation[12]. Where the Audit Directive and Audit Regulation do not apply; • the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document: 1) a prominent statement disclosing which auditing standards have been applied; 2) an explanation of any significant departures from International Standards on Auditing; • a statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications, modifications of opinion, or disclaimers or an emphasis of matter, such refusals or such qualifications, or modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
8.3	**Legal and arbitration proceedings** Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware), during a period covering at least the previous 12 months, which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement
8.4	**Material adverse change in the issuer's financial position** Where an issuer has prepared financial statements, include a statement that there has been no material adverse change in the financial position or prospects of the issuer since the date of its last published audited financial statements. Where a material adverse

[11] Directive 2013/34/ EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC.

[12] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

	change has occurred, this must be disclosed in the registration document.
9	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, may be inspected: a) The memorandum and up to date articles of association of the issuer; b) All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 11: ASSET-BACKED SECURITIES ADDITIONAL BUILDING BLOCK	CAT.
1	**THE SECURITIES**	
1.1	Where applicable, a statement of whether a notification has been, or is intended to be communicated to ESMA, as regards STS compliance. This should be accompanied by an a explanation of the meaning of such notification together with a reference or hyperlink to ESMA's data base indicating that the STS-notification is available for download there if deemed necessary.	A
1.2	Where the prospectus includes a statement that the transaction is STS compliant, a warning that the STS status of a transaction is not static and that investors should verify the current status of the transaction on ESMA's website.	B
1.3	The minimum denomination of an issue.	C
1.4	Where information is disclosed about an undertaking/obligor which is not involved in the issue, provide a confirmation that the information relating to the undertaking/obligor has been accurately reproduced from information published by the undertaking/obligor. So far as the issuer is aware and is able to ascertain from information published by the undertaking/obligor no facts have been omitted which would render the reproduced information misleading. In addition, identify the source(s) of information in the Securities Note that has been reproduced from information published by an undertaking/obligor.	C
2	**THE UNDERLYING ASSETS**	
2.1	A statement confirming that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities.	A
2.2	In respect of a pool of discrete assets backing the issue:	
2.2.1	The legal jurisdiction by which the pool of assets is governed.	C
2.2.2	In the case of a small number of easily identifiable obligors a general description of each obligor.	C

	In all other cases, a description of the general characteristics of the obligors; and the economic environment, as well as global statistical data referred to the securitised assets.	B C
2.2.3	The legal nature of the assets.	C
2.2.4	The expiry or maturity date(s) of the assets.	C
2.2.5	The amount of the assets.	C
2.2.6	Loan to value ratio or level of collateralisation.	B
2.2.7	The method of origination or creation of the assets, and for loans and credit agreements, the principal lending criteria and an indication of any loans which do not meet these criteria and any rights or obligations to make further advances.	B
2.2.8	An indication of significant representations and collateral given to the issuer relating to the assets.	C
2.2.9	Any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted; if there is any capacity to substitute assets with a different class or quality of assets a statement to that effect together with a description of the impact of such substitution.	B
2.2.10	A description of any relevant insurance policies relating to the assets. Any concentration with one insurer must be disclosed if it is material to the transaction.	B
2.2.11	Where the assets comprise obligations of 5 or fewer obligors which are legal persons or are guaranteed by 5 or fewer legal persons or where an obligor or entity guaranteeing the obligations accounts for 20 % or more of the assets, or where 20% or more of the assets are guaranteed by a single guarantor, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) or guarantor(s) indicate either of the following: a) information relating to each obligor or guarantor as if it were an issuer drafting a registration document for debt and derivative securities with an individual denomination of at least EUR 100 000 and/or that are to be traded only on a regulated market, or a specific segment thereof, to which only qualified investors can have	 A

	access for the purposes of trading in such securities; b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent third country market or SME Growth Market its name, address, country of incorporation, significant business activities / investment policy and the name of the market in which its securities are admitted.	 C
2.2.12	If a relationship exists that is material to the issue, between the issuer, guarantor and obligor, details of the principal terms of that relationship.	C
2.2.13	Where the assets comprise obligations that are traded on regulated or equivalent third country market or SME Growth Market, a brief description of the securities, the market and an electronic link where the documentation of the obligations can be found on the regulated or equivalent third country market.	C
2.2.14	Where the assets comprise obligations that are not traded on a regulated or equivalent third country market or SME Growth Market, a description of the principal terms and conditions of the obligations.	B
2.2.15	Where the assets comprise equity securities that are admitted to trading on a regulated or equivalent third country market or SME Growth Market indicate the following: a) a description of the securities; b) a description of the market on which they are traded including its date of establishment, how price information is published, an indication of daily trading volumes, information as to the standing of the market in the country , the name of the market's regulatory authority and an electronic link where the documentation of the securities can be found on the regulated or equivalent third country market or SME Growth Market; c) the frequency with which prices of the relevant securities, are published.	C C C
2.2.16	Where more than 10 per cent of the assets comprise equity securities that are not traded on a regulated or equivalent third country market or SME Growth Market, a description of those equity securities and equivalent information to that contained in the schedule for share	A

	registration document or where applicable, the schedule for the registration document for securities issued by collective investment undertakings in respect of each issuer of those securities.	
2.2.17	Where a material portion of the assets are secured on or backed by real property, a valuation report relating to the property setting out both the valuation of the property and cash flow/income streams. Compliance with this disclosure is not required if the issue is of securities backed by mortgage loans with property as security, where there has been no revaluation of the properties for the purpose of the issue, and it is clearly stated that the valuations quoted are as at the date of the original initial mortgage loan origination.	A
2.3	In respect of an actively managed pool of assets backing the issue:	
2.3.1	Equivalent information to that contained in items 2.1 and 2.2 to allow an assessment of the type, quality, sufficiency and liquidity of the asset types in the portfolio which will secure the issue.	See items 2.1 and 2.2
2.3.2	The parameters within which investments can be made, the name and description of the entity responsible for such management including a description of that entity's expertise and experience, a summary of the provisions relating to the termination of the appointment of such entity and the appointment of an alternative management entity, and a description of that entity's relationship with any other parties to the issue.	A
2.4	Where an issuer proposes to issue further securities backed by the same assets, a prominent statement to that effect and unless those further securities are fungible with or are subordinated to those classes of existing debt, a description of how the holders of that class will be informed.	C
3	**STRUCTURE AND CASH FLOW**	
3.1	Description of the structure of the transaction containing an overview of the transaction and the cash flows, including a structure diagram.	A
3.2	Description of the entities participating in the issue and description of the functions to be performed by them and information on the direct and indirect ownership or control between those entities.	A

3.3	Description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the issuer or, where applicable, the manner and time period in which the proceeds from the issue will be fully invested by the issuer.	B
3.4	An explanation of the flow of funds including:	
3.4.1	How the cash flow from the assets will meet the issuer's obligations to holders of the securities, including, if necessary. A financial service table and a description of the assumptions used in developing the table;	A C
3.4.2	Information on any credit enhancements, an indication of where material potential liquidity shortfalls may occur and the availability of any liquidity supports and indication of provisions designed to cover interest/principal shortfall risks.	B
3.4.3	Where applicable, the risk retention requirement applicable to the transaction together with the material net economic interest retained by the originator, the sponsor or the original lender.[13]	A C
3.4.4	Without prejudice to item 3.4.2, details of any subordinated debt finance;	C
3.4.5	an indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment;	B
3.4.6	how payments are collected in respect of the assets;	A
3.4.7	the order of priority of payments made by the issuer to the holders of the class of securities in question;	A
3.4.8	details of any other arrangements upon which payments of interest and principal to investors are dependent;	B
3.5	The name, address and significant business activities of the originators of the securitised assets.	C

[13] This may change depending on the final securitisation regulation requirements.

3.6	Where the return on, and/or repayment of the security is linked to the performance or credit of other assets or underlyings which are not assets of the issuer, for each such reference asset or underlying one of the following; • disclosure in accordance with items 2.2 and 2.3; or • where the principal is not at risk, the name of the issuer of the reference asset, the ISIN, and an indication where information about the past and the current performance of the reference asset can be obtained; or • where the reference asset is an index, items 1 and 2 of Annex 7 - the derivatives building block.	See derivatives building block
3.7	The name, address and significant business activities of the administrator, calculation agent or equivalent, together with a summary of the administrator's/calculation agents responsibilities, their relationship with the originator or the creator of the assets and a summary of the provisions relating to the termination of the appointment of the administrator/calculation agent and the appointment of an alternative administrator/calculation agent;	C
3.8	The names and addresses and brief description of: a) any swap counterparties and any providers of other material forms of credit/liquidity enhancement; b) the banks with which the main accounts relating to the transaction are held.	A C
4	**POST ISSUANCE REPORTING**	
4.1	An indication in the prospectus of where the issuer is under an obligation to, or where the issuer intends to, provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral. The issuer shall indicate what information will be reported, where such information can be obtained, and the frequency with which such information will be reported.	C

ITEM	ANNEX 12: PRO FORMA INFORMATION BUILDING BLOCK
1	**CONTENTS OF PRO FORMA FINANCIAL INFORMATION**
	Pro forma financial information shall consist of: a) an introduction setting out: 1. the purpose to which the pro forma financial information has been prepared, including a description of the transaction or significant commitment and businesses or entities involved; 2. the period and/or date covered by the pro forma financial information; and 3. an explanation that it illustrates the impact of the transaction as if the transaction had been undertaken at an earlier date selected for purposes of the illustration, and that this hypothetical compilation may differ from the entity's actual financial position or results; b) profit and loss account, a balance sheet or both, depending on the circumstances presented in a columnar format composed of: 1. historical unadjusted information; 2. accounting policies adjustments, if necessary; 3. pro forma adjustments; and 4. resulting pro forma financial information in the final column; c) accompanying notes explaining: 1. the sources from which the unadjusted financial information has been extracted and whether or not an audit or review report on the source has been published; 2. the basis upon which the pro forma financial information is prepared; 3. source and explanation for each adjustment; and 4. whether each adjustment in respect of a pro forma profit and loss statement is expected to have a continuing impact on the issuer or not; d) if applicable, the financial information and interim financial information of the (to be) acquired businesses or entities used in the preparation of the pro forma financial information must be included in the prospectus.

2	**PRINCIPLES IN PREPARING AND PRESENTING PRO FORMA FINANCIAL INFORMATION**
2.1	Pro forma financial information shall be labelled as such to distinguish it from historical financial information. The pro forma financial information must be prepared in a manner consistent with the accounting policies adopted by the issuer in its last or next financial statements.
2.2	Pro forma information may only be published in respect of: (a) the last completed financial period; and/or (b) the most recent interim period for which relevant unadjusted information has been published or are included in the registration document/prospectus.
2.3	Pro forma adjustments must: (a) be clearly shown and explained; (b) present all significant effects directly attributable to the transaction; (c) be factually supportable.
3	**REQUIREMENTS FOR AN ACCOUNTANT / AUDIT REPORT**
	The prospectus shall include a report prepared by the independent accountants or auditors stating that in their opinion: • the pro forma financial information has been properly compiled on the basis stated; and • that basis is consistent with the accounting policies of the issuer.

ITEM	ANNEX 13: GUARANTEES BUILDING BLOCK
1	**NATURE OF THE GUARANTEE**
	A description of any arrangement intended to ensure that any obligation material to the issue will be duly serviced, whether in the form of guarantee, surety, Keep well Agreement, Mono-line Insurance policy or other equivalent commitment (hereafter referred to generically as "guarantees" and their provider as "guarantor" for convenience). Without prejudice to the generality of the foregoing, such arrangements encompass commitments, including those under conditions, to ensure obligations to repay debt securities and/or the payment of interest and the description shall set out how the arrangement is intended to ensure that the guaranteed payments will be duly serviced.
2	**SCOPE OF THE GUARANTEE**
	Details shall be disclosed about the terms and conditions and scope of the guarantee. Without prejudice to the generality of the foregoing, these details should cover any conditionality on the application of the guarantee in the event of any default under the terms of the security and the material terms of any Mono-line Insurance or Keep well Agreement between the issuer and the guarantor. Details must also be disclosed of any guarantor's power of veto in relation to changes to the security holder's rights, such as is often found in Mono-line Insurance.
3	**INFORMATION TO BE DISCLOSED ABOUT THE GUARANTOR**
	The guarantor must disclose information about itself as if it were the issuer of that same type of security that is the subject of the guarantee.
4	**DOCUMENTS AVAILABLE**
	Indication of the website where the public may have access to the material contracts and other documents relating to the guarantee.

ITEM	ANNEX 14: DEPOSITORY RECEIPTS ISSUED OVER SHARES	P[14]	SI
	INFORMATION ABOUT THE ISSUER OF THE UNDERLYING SHARES		
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**		
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	√	√
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the prospectus that having taken all reasonable care to ensure that such is the case, the information contained in that part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	√	√
1.3	Where a statement or report attributed to a person as an expert is included in the prospectus, provide such person's: • Name; • Business address; • Qualifications; • Material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.	√	√

[14] P refers to Primary Issuance; SI to Secondary issuances.

1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	√	√
1.5	A statement that: • the prospectus has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that it the subject of this registration document.	√	√
2	**STATUTORY AUDITORS**		
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	√	√
2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.	√	
3	**RISK FACTORS**		
	A description of the material risks that are specific to the issuer in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the registration document.	√	√
4	**INFORMATION ABOUT THE ISSUER**		
4.1	**History and development of the issuer**	√	√
4.1.1	The legal and commercial name of the issuer.	√	√

4.1.2	The place of registration of the issuer, its registration number and Legal Entity Identifier.	√	√
4.1.3	The date of incorporation and the length of life of the issuer, except where indefinite.	√	
4.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.	√	√
4.1.5	The important events in the development of the issuer's business.	√	
5	**BUSINESS OVERVIEW**		
5.1	**Principal activities**	√	√
5.1.1	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information; and	√	
5.1.2	An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.	√	
5.1.3	A brief description of: • the key principal activities of the issuer; • of any significant changes impacting the issuer's operations and principal activities since the end of the period covered by the latest published audited financial statements; • an indication of any significant new products and services that have been introduced; • to the extent the development of new products or services have been disclosed, the status of development; • any material changes in the issuer's regulatory environment since the end of the period covered by the latest published audited financial statements.		√

5.2	**Principal markets** A description of the principal markets in which the issuer competes, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information.	√	
5.3	**Strategy and objectives** A description of the issuer's business strategy and financial and non-financial (if any) objectives. This description shall take into account the issuer's future challenges and prospects.	√	
5.4	If material to the issuer's business or profitability, ~~disclose~~ summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.	√	
5.5	The basis for any statements made by the issuer regarding its competitive position.	√	
5.6	**Investments**		
5.6.1	A description, (including the amount) of the issuer's material investments for each financial year for the period covered by the historical financial information up to the date of the registration document	√	
5.6.2	A description of the issuer's material investments made since the date of the last published financial statements and which are in progress and / or for which firm commitments have already been made, together with the anticipated source of funds.		√
5.6.3	A description of the any material investments of the issuer that are in progress and / or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).	√	
5.6.4	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.	√	
5.6.5	A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.	√	

6	**ORGANISATIONAL STRUCTURE**		
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.	√	
6.2	A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.	√	
7	**OPERATING AND FINANCIAL REVIEW**		
7.1.1	**Financial condition** To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, a fair review of the development and performance of the issuer's business and of its position for each year and interim period for which historical financial information is required, including the causes of material changes. The review shall be a balanced and comprehensive analysis of the development and performance of the issuer's business and of its position, consistent with the size and complexity of the business. To the extent necessary for an understanding of the issuer's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial KPIs relevant to the particular business. The analysis shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.	√	
7.1.2	To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, the review shall also give an indication of : a) the issuer's likely future development; b) activities in the field of research and development.	√	
7.2	**Operating results**		
7.2.1	Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected	√	

7.2.2	Where the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes	√	
8	**CAPITAL RESOURCES**		
8.1	Information concerning the issuer's capital resources (both short and long term).	√	
8.2	An explanation of the sources and amounts of and a narrative description of the issuer's cash flows.	√	
8.3	Information on the borrowing requirements and funding structure of the issuer.	√	
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.	√	
8.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.8.	√	
9	**REGULATORY ENVIRONMENT**		
	A description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.	√	
10	**TREND INFORMATION**		
10.1	A description of: • the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document; • any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document, or provide an appropriate negative statement.	√	√
10.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.	√	√

11	PROFIT FORECASTS OR ESTIMATES		
11.1	Where an issuer has published a profit forecast (which is still outstanding and valid) or a profit estimate, that forecast or estimate shall be included in the registration document / prospectus. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or profit estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 11.2 to 11.3.	√	√
11.2	Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published profit forecast or a previously published profit estimate pursuant to point 13.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and • in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.	√	√
11.3	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the historical financial information and ii) consistent with the issuer's accounting policies.	√	√
12	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**		
12.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer:	√	

	a) members of the administrative, management or supervisory bodies; b) partners with unlimited liability, in the case of a limited partnership with a share capital; c) founders, if the issuer has been established for fewer than five years; and d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. The nature of any family relationship between any of those persons. In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies; b) any convictions in relation to fraudulent offences for at least the previous five years; c) details of any bankruptcies, receiverships, liquidations or companies put into administration with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and(d) of the first subparagraph was associated for at least the previous five years; d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.		

For second-dary issuan-ces	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies; and b) partners with unlimited liability, in the case of a limited partnership with a share capital; c) founders, if the issuer has been established for fewer than five years; and d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. The nature of any family relationship between any of those persons. To the extent not already disclosed, and in the case of new members of the administrative, management or supervisory bodies of the issuer (since the date of the latest audited financial information) and of each person mentioned in points (b) and (d) of the first subparagraph the following information: a) The names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies; b) any convictions in relation to fraudulent offences for at least the previous five years; c) details of any bankruptcies, receiverships, liquidations or companies put into administration with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and(d) of the first subparagraph was associated for at least the previous five years; d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or		√

	conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.		
12.2	**Administrative, management, and supervisory bodies and senior management conflicts of interests** Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 12.1., and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made. Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management.	√	√
13	**REMUNERATION AND BENEFITS**		
	In relation to the last full financial year for those persons referred to in points (a) and (d) of the first subparagraph of item 12.1:	√	
13.1	The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted, to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person. That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.	√	
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.	√	
14	**BOARD PRACTICES**		
	In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to those persons referred to in point (a) of the first subparagraph of 14.1:	√	
14.1	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.	√	
14.2	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon	√	

	termination of employment, or an appropriate negative statement		
14.3	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.	√	
14.4	A statement as to whether or not the issuer complies with corporate governance regime(s) applicable to the issuer. In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.	√	
14.5	Potential material impacts on the corporate governance, including future changes in the board and committees composition (in so far as this has been already decided by the board and shareholders meeting)	√	√
15	**EMPLOYEES**		
15.1	Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.	√	
15.2	**Shareholdings and stock options** With respect to each person referred to in points (a) and (d) of the first subparagraph of item 12.1. provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.	√	
15.3	Description of any arrangements for involving the employees in the capital of the issuer.	√	
16	**MAJOR SHAREHOLDERS**		
16.1	In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, to the date of the registration	√	

	document or, if there are no such persons, an appropriate negative statement.		
16.2	In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, to the date of the last audited financial statement or in the case of a material change since the last audited financial statements to the date of the registration document or, if there are no such persons, an appropriate negative statement.		√
16.3	Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.	√	√
16.4	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	√	
16.5	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	√	
17	**RELATED PARTY TRANSACTIONS**		
17.1	Details of related party transactions (which for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002 (IFRS)), that the issuer has entered into during the period covered by the historical financial information and up to the date of the registration document, must be disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable. If such standards do not apply to the issuer the following information must be disclosed: a) The nature and extent of any transactions which are — as a single transaction or in their entirety — material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; b) The amount or the percentage to which related party transactions form part of the turnover of the issuer.	√	
17.2	Details of related party transactions (which for these purposes are those set out in the Standards adopted		√

	according to the Regulation (EC) No 1606/2002 (IFRS)), that the issuer has entered into since the date of the last financial statements, must be disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable. If such standards do not apply to the issuer the following information must be disclosed: a) The nature and extent of any transactions which are — as a single transaction or in their entirety — material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; b) The amount or the percentage to which related party transactions form part of the turnover of the issuer.		
18	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
18.1	**Historical financial information**		
18.1.1	Audited historical financial information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.	√	
18.1.2	**Change of accounting reference date** If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical financial information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.	√	
18.1.3	**Accounting standards** The financial information must be prepared according to International Financial Reporting Standards as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable the financial statements must be prepared according to: a) a Member State's national accounting standards for issuers from the EEA; or b) a third country's national accounting standards equivalent to these standard IFRS for third country issuers. If such third country's national accounting standards are not equivalent to IFRS the financial statements shall be restated in IFRS.	√	

18.1.4	**Change of accounting framework** The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the issuer's existing accounting framework do not require the historical financial information to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements, (as defined by IAS 1 Presentation of Financial Statements), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.	√	
18.1.5	Where the audited financial information is prepared according to national accounting standards, it must include at least the following: a) the balance sheet; b) the income statement; c) a statement showing either all changes in equity or changes in equity other than those arising from capital transaction with owners and distributions to owners; d) the cash flow statement; e) the accounting policies and explanatory notes.	√	
	This paragraph may be used only for issues of depository receipts that are to be traded only on a regulated market, or a specific segment thereof, to which only qualified investors can have access (item 19.1 of this schedule does not apply to these depository receipts) **Annual financial statements**		
18.1a	Audited historical financial information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.		
18.1a.2	**Change of accounting reference date** If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information financial shall		

	cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.		
18.1a.3	**Accounting standards** The financial information must be prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU. If IFRS is not applicable the financial statements must be prepared according to: a) a Member State's national accounting standards for issuers from the EEA; or Otherwise the following information must be included in the registration document: a) a prominent statement that the financial information included in the registration document has not been prepared in accordance with IFRS adopted in the EU and that there may be material differences in the financial information had IFRS been applied to the historical financial information; b) immediately following the historical financial information a narrative description of the differences between IFRS adopted in the EU and the accounting principles adopted by the issuer in preparing its annual financial statements. Where the audited financial information is prepared according to national accounting standards, it must include at least the following: a) the balance sheet; b) the income statement; c) a statement showing either all changes in equity or changes in equity other than those arising from capital transaction with owners and distributions to owners; d) the cash flow statement; e) the accounting policies and explanatory notes.		
18.2	**Consolidated financial statements** If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.	√	
18.3	**Age of Financial Information** The balance sheet date of the last year of audited financial information may not be older than one of the following:	√	

	a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document; b) 16 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document.	√ √	
18.4	**Interim and other financial information** If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed, state that fact. If the registration document is dated more than nine months after the date of the last audited financial statements , it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year. Interim financial information should be prepared in accordance with the requirements of the IFRS. For issuers not subject to IFRS the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet in accordance with the applicable financial reporting framework.	√ √	
18.5	**Auditing of historical annual financial information** **Audit report** The historical annual financial ~~i~~nformation must be independently audited. The audit report shall be prepared in accordance with the Audit Directive[15] and Audit Regulation[16]. Where the Audit Directive and Audit Regulation do not apply; • the historical annual financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true	√ √	 √

[15] Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts

[16] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

	and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document: 1) a prominent statement disclosing which auditing standards have been applied; 2) an explanation of any significant departures from International Standards on Auditing; • a statement that the historical financial information have been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications, modifications of opinion, or disclaimers or an emphasis of matter, such refusals or such qualifications, or modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.		
	Indication of other information in the registration document which has been audited by the auditors.	√	√
	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.	√	√
18.6	**Pro forma financial information** In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported. This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 12 and must include the information indicated therein. Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.	√	√
18.7	**Dividend Policy** A description of the issuer's policy on dividend distributions and any restrictions thereon.	√	√
	The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the issuer has changed, to make it comparable.	√	

	The amount of dividend per share for the last financial year adjusted, where the number of shares in the issuer has changed, to make it comparable.		√
18.8	**Legal and arbitration proceedings** Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	√	√
18.9	**Significant change in the issuer's financial position** A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.	√	√
19	**ADDITIONAL INFORMATION**		
19.1	**Share Capital** The following information as of the date of the most recent balance sheet included in the historical financial information:	√	√
19.1.1	The amount of issued capital, and for each class of share capital: a) the total amount of the issuer's authorised share capital; b) the number of shares issued and fully paid and issued but not fully paid; c) the par value per share, or that the shares have no par value; and d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.	√	
19.1.2	If there are shares not representing capital, state the number and main characteristics of such shares.	√	
19.1.3	The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.	√	

19.1.4	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.	√	√
19.1.5	Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.	√	√
19.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.	√	
19.1.7	A history of share capital, highlighting information about any changes, for the period covered by the historical financial information	√	

19.2	**Memorandum and Articles of Association**		
19.2.1	The register and the entry number therein, if applicable, and a brief description of the issuer's objects and purposes and where they can be found in the up to date memorandum and articles of association.	√	
19.2.2	Where there is more than once class of existing shares, a description of the rights, preferences and restrictions attaching to each.	√	
19.2.3	A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.	√	√
20	**MATERIAL CONTRACTS**		
	A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document. A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the registration document. Where not previously disclosed elsewhere, a brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business.	√	√
21	**DOCUMENTS AVAILABLE**		
	A statement that for the life of the following documents, where applicable, can be inspected: a) the up to date memorandum and articles of association of the issuer; b) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.	√	√

22	**REGULATORY DISCLOSURES**		
	A summary of the information disclosed under Regulation (EU) No 596/2014 over the last 12 months which remains relevant as at the date of the prospectus. The summary shall be presented in an easily analysable, concise and comprehensible form and shall not be a replication of information already published under Regulation [...]. The summary shall be presented in a limited number of categories depending on their topics.		√
23	**INFORMATION ABOUT THE ISSUER OF THE DEPOSITORY RECEIPTS**	√	√
23.1	Name, registered office, Legal Entity Identifier and principal administrative establishment if different from the registered office.	√	√
23.2	Date of incorporation and length of life of the issuer, except where indefinite.	√	√
23.3	Legislation under which the issuer operates and legal form which it has adopted under that legislation.	√	√
24	**ESSENTIAL INFORMATION**		
24.1	**Working Capital Statement** Statement by the issuer of the underlying securities that, in its opinion, the working capital is sufficient for the issuer of the underlying securities' present requirements or, if not, how it proposes to provide the additional working capital needed.	√	√
24.2	**Capitalisation and indebtedness** A statement of capitalisation and indebtedness of the issuer of the underlying securities (distinguishing between guaranteed and unguaranteed, debt, collateralised and non-collateralised loans) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness. In the case of material changes in the capitalisation and indebtedness position of the issuer within the 90 day period additional information shall be given through the presentation of a narrative description of such changes or through the updating of those figures.	√	√
24.3	A description of the type and the class of the underlying shares including the ISIN (International Security Identification Number)	√	√

24.4	Legislation under which the securities have been created.	√	√
24.5	An indication whether the underlying shares are in registered form or bearer form and whether the underlying shares are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.	√	√
24.6	Currency of the underlying shares.	√	√
24.7	A description of the rights, including any limitations of these, attached to the underlying shares and procedure for the exercise of those rights.	√	√
24.8	Dividend rights: a) fixed date(s) on which the entitlement arises; b) time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates; c) dividend restrictions and procedures for non-resident holders; d) rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.	√	√
24.9	Voting rights. Pre-emption rights in offers for subscription of securities of the same class. Right to share in the issuer's profits. Rights to share in any surplus in the event of liquidation. Redemption provisions. Conversion provisions.	√	√
24.10	The issue date of the underlying shares if new underlying shares are being created for the issue of depository receipts and they are not in existence at the time of issue of the depository receipts.	√	√
24.11	If new underlying shares are being created for the issue of the depository receipts, state the resolutions, authorisations and approvals by virtue of which the new underlying shares have been or will be created or issued.	√	√
24.12	A description of any restrictions on the free transferability of the underlying shares.	√	√

24.13	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.	√	√
24.14	Statement on the existence of any national legislation on takeovers applicable to the issuer and the possibility for frustrating measures if any. A brief description of the shareholders' rights and obligations in case of mandatory takeover bids and/or squeeze-out or sell-out rules in relation to the securities.	√	
24.15	Statement on the existence of national legislation on takeovers applicable to the issuer and the possibility for frustrating measures if any.		√
24.16.	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.	√	√
24.17	Where applicable, the potential impact on the investment in the event of resolution under the Directive 2014/59/EU (BRRD).	√	
24.18	**Lock-up agreements** The parties involved. Content and exceptions of the agreement. Indication of the period of the lock up.	√	√
24.19	Information about selling shareholders if any.	√	√
24.19.1	Name and business address of the person or entity offering to sell the underlying shares, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates.	√	√
24.20	**Dilution**		
24.20.1	A comparison of: • participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the	√	√

	assumption that existing shareholders do not subscribe for the new shares; and, • the net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and / or capital increase) and the offering price per share within that public offer		
24.20.2	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience shall also be presented on the basis that they do take up their entitlement (in addition to the situation in 24.20.1 where they do not).	√	√
24.21	Additional information where there is a simultaneous or almost simultaneous offer or admission to trading of the same class of underlying shares as those underlying shares over which the depository receipts are being issued.	√	√
24.21.1	If simultaneously or almost simultaneously with the creation of the depository receipts for which admission to a regulated market is being sought underlying shares of the same class as those over which the depository receipts are being issued are subscribed for or placed privately, details are to be given of the nature of such operations and of the number and characteristics of the underlying shares to which they relate.	√	√
24.21.2	Disclose all regulated markets or equivalent markets on which, to the knowledge of the issuer of the depository receipts, underlying shares of the same class as those over which the depository receipts are being issued are offered or admitted to trading.	√	√
24.21.3	To the extent known to the issuer of the depository receipts, indicate whether major shareholders, members of the administrative, management or supervisory bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	√	√
25	**INFORMATION ABOUT THE DEPOSITORY RECEIPTS**		
25.1	Indicate the number of shares represented by each depository receipts	√	√
25.2	A description of the type and class of depository receipts being offered and / or admitted to trading	√	√
253	Legislation under which the depository receipts have been created.	√	√

25.4	An indication whether the depository receipts are in registered or bearer form and whether the depository receipts are in certificated or book-entry form. In the latter case, include the name and address of the entity in charge of keeping the records.	√	√
25.5	Currency of the depository receipts	√	√
25.6	Describe the rights attaching to the depository receipts, including any limitations of these attached to the depository receipts and the procedure if any for the exercise of these rights.	√	√
25.7	If the dividend rights attaching to depository receipts are different from the dividend rights disclosed in relation to the underlying, disclose the following about dividend rights : a) fixed date(s) on which the entitlement arises; b) time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates; c) dividend restrictions and procedures for non-resident holders; d) rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.	√	√
25.8	If the voting rights attaching to the depository receipts are different from the voting rights disclosed in relation to the underlying shares disclose the following about those rights: a) voting rights; b) pre-emption rights in offers for subscription of securities of the same class; c) right to share in the issuer's profits; d) rights to share in any surplus in the event of liquidation; e) redemption provisions; f) conversion provisions.	√	√
25.9	Describe the exercise of and benefit from rights attaching to the underlying shares, in particular voting rights, the conditions on which the issuer of the depository receipts may exercise such rights, and measures envisaged to obtain the instructions of the depository receipt holders – and the right to share in profits and any liquidation surplus which are not passed on to the holder of the depository receipt.	√	√

25.10	The expected issue date of the depository receipts.	√	√
25.11	A description of any restrictions on the free transferability of the depository receipts.	√	√
25.12	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the depository receipts where the proposed investment attracts a tax regime specific to that type of investment.	√	√
25.13	Bank or other guarantees attached to the depository receipts and intended to underwrite the issuer's obligations.	√	√
25.14	Possibility of obtaining the delivery of the depository receipts into original shares and procedure for such delivery.	√	√
26	**INFORMATION ABOUT THE TERMS AND CONDITIONS OF THE OFFER OF THE DEPOSITORY RECEIPTS**		
26.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**		
26.1.1	Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, an indication of the maximum amount of securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities to be offered cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.	√	√
26.1.2	The time period, including any possible amendments, during which the offer will be open and description of the application process.	√	√
26.1.3	An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	√	√
26.1.4	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	√	√
26.1.5	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).	√	√

26.1.6	An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.	√	√
26.1.7	Method and time limits for paying up the securities and for delivery of the securities.	√	√
26.1.8	A full description of the manner and date in which results of the offer are to be made public.	√	√
26.1.9	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	√	√
26.2	**Plan of distribution and allotment**		
27.2.1	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.	√	√
26.2.2	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	√	√
26.2.3	Pre-allotment disclosure: a) the division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches; b) the conditions under which the claw- back may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches; c) the allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches; d) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups; e) whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;	√	√

	f) a target minimum individual allotment if any within the retail tranche; g) the conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest; h) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.		
26.2.4	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.	√	√
26.3	**Pricing**		
26.3.1	An indication of the price at which the securities will be offered and the amount of any expenses and taxes charged to the subscriber or purchaser. If the price is not known, pursuant to Article 17 of Regulation (EU) 2017/1129 indicate: • the maximum price of the securities, as far as they are available; or • the valuation methods and criteria, and/or conditions, in accordance with which the final offer price has been or will be determined and an explanation of any valuation methods used. Where neither (a) nor (b) can be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities to be offered to the public has been filed.	√	√
26.3.2	Process for the disclosure of the offer price.	√	√
26.3.3	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer an the effective cash contributions of such persons.	√	√
26.4	**Placing and Underwriting**		
26.4.1	Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.	√	√

26.4.2	Name and address of any paying agents and depository agents in each country.	√	√
26.4.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under best efforts'' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.	√	√
26.4.4	When the underwriting agreement has been or will be reached.	√	√
27	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS IN THE DEPOSITORY RECEIPTS**		
27.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or equivalent third country market, SME Growth Market or MTF with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.	√	√
27.2	All the regulated markets or equivalent third country markets, SME Growth Market or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	√	√
27.3	If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate. In case of an admission to trading on a regulated market, details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.	√ √	√ √
27.4	<u>The issue price of the securities</u> Stabilisation: where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed	√ √	√ √

	that price stabilising activities may be entered into in connection with an offer: The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time.	 √	
27.5	The fact that stabilisation transactions aim at supporting the market price of the securities during the stabilisation period. The beginning and the end of the period during which stabilisation may occur. The identity of the stabilisation manager for each relevant jurisdiction unless this is not known at the time of publication. The fact that stabilisation transactions may result in a market price that is higher than would otherwise prevail.	√ √ √ √	
27.6	The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s). Over-allotment and 'green shoe': In case of an admission to trading on a regulated market: a) the existence and size of any over- allotment facility and/or 'green shoe'; b) the existence period of the over- allotment facility and/or 'green shoe'; c) any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.	√ √	 √
28	**ESSENTIAL INFORMATION ABOUT THE ISSUE OF THE DEPOSITORY RECEIPTS**		
28.1	**Reasons for the offer and use of proceeds** Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.	√	√

28.2	**Interest of natural and legal persons involved in the issuer/offer**		
28.2.1	A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.	√	√
28.3	**Risk Factors**		
28.3.1	A description of the material risks that are specific to the securities being offered and/or admitted to trading in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.	√	√
29	**EXPENSE OF THE ISSUE/OFFER OF THE DEPOSITORY RECEIPTS**	√	
	The total net proceeds and an estimate of the total expenses of the issue/offer.	√	√

ITEM	ANNEX 15: COLLECTIVE INVESTMENT UNDERTAKINGS OF THE CLOSED-END TYPE REGISTRATION DOCUMENT
	In addition to the information required in this schedule, the collective investment undertaking must provide the following information as required under paragraphs and items 1, 2, 3, 4, 6, 7.1, 7.2.1, 8.4, 9 (although the description of the regulatory environment that the issuer operates in need only relate to the regulatory environment relevant to issuer's investments), 11, 12, 13, 14, 15.2, 16, 17, 18 (except for pro forma financial information), 19, 20, 21 in Annex 1 (share registration document schedule), or, if the collective investment undertaking meets the requirements of Article 14(1) of the Prospectus Regulation for drawing up a simplified prospectus under the simplified disclosure regime for secondary issuances, the following information as required under paragraphs and items 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13, 14 in Annex 18 (secondary issuance registration document). Where units are issued by a collective investment undertaking which is constituted as a common fund managed by a fund manager, the above-mentioned information items 6, 12, 13, 14, 15.2, 16 and 20, of Annex 1 shall be disclosed in relation to the fund manager, while the information items 2, 4 and 18 of Annex 1 shall be disclosed in relation to both the fund and the fund manager.
1	**INVESTMENT OBJECTIVE AND POLICY**
1.1	A: • description of the investment policy, strategy and objectives of the collective investment undertaking; • information on where the underlying collective investment undertaking(s) is/are established if the collective investment undertaking is a fund of funds; • a description of the types of assets in which the collective investment undertaking may invest; • the techniques it may employ and all associated risks, the circumstances in which the collective investment undertaking may use leverage; • the types and sources of leverage permitted and the associated risks; • any restrictions on the use of leverage and any collateral and asset reuse arrangements; and • the maximum level of leverage which may be employed on behalf of the collective investment undertaking.
1.2	A description of the procedures by which the collective investment undertaking may change its investment strategy or investment policy, or both.

1.3	The leverage limits of the collective investment undertaking. If there are no such limits, include a statement to that effect.
1.4	The regulatory status of the collective investment undertaking together with the name of any regulator in its country of incorporation.
1.5	The profile of a typical investor for whom the collective investment undertaking is designed.
1.6	A statement that: • the registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that it the subject of this registration document.
2	**INVESTMENT RESTRICTIONS**
2.1	A statement of the investment restrictions which apply to the collective investment undertaking, if any, and an indication of how the holders of securities will be informed of the actions that the investment manager will take in the event of a breach.
2.2	Where more than 20% of the gross assets of any collective investment undertaking (except where the Registration Document is being prepared for an entity as a result of the application of item 2.3 or 2.5) may be: a) invested in, either directly or indirectly, or lent to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates); or b) invested in one or more collective investment undertakings which may invest in excess of 20% of its gross assets in other collective investment undertakings (open-end and/or closed-end type); or c) exposed to the creditworthiness or solvency of any one counterparty (including its subsidiaries or affiliates); the following information must be disclosed: i) where the underlying securities are not admitted to trading on a regulated or equivalent third country market or an SME Growth Market, information relating to each underlying issuer/collective investment undertaking/counterparty as if it were an issuer for the purposes of the minimum disclosure

	requirements for the Share Registration Document schedule (in the case of (a)) or minimum disclosure requirements for the [registration document schedule for securities issued by collective investment undertakings of the closed-end type] (in the case of (b)) or the minimum disclosure requirements for the wholesale (qualified) debt and derivatives registration document schedule (in the case of (c)); or ii) if the securities issued by the underlying issuer/collective investment undertaking/counterparty have already been admitted to trading on a regulated or equivalent third country market or an SME Growth Market, or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market or an SME Growth Market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. This requirement shall not apply where the 20% is exceeded due to appreciations or depreciations, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment, provided the investment manager has regard to the threshold when considering changes in the investment portfolio. Where the collective investment undertaking can reasonably demonstrate to the NCA that it is unable to access some or all of the information required by (i), the collective investment undertaking must disclose all information that it is able to access, is aware of, and/or is able to ascertain from information published by the underlying issuer/collective investment undertaking/counterparty in order to satisfy as far as is practicable the requirements of (i). In this case, the prospectus must include a prominent warning that the collective investment undertaking has been unable to access specified items of information that would otherwise be required to be included in the prospectus and therefore a reduced level of disclosure has been provided in relation to a specified underlying issuer, collective investment undertaking or counterparty.
2.3	Where a collective investment undertaking may invest in excess of 20% of its gross assets in other collective investment undertakings (open ended and/or closed ended), a description of if and how risk is spread in relation to those investments. In addition, item 2.2 shall apply, in aggregate, to all underlying investments of the collective investment undertaking as if those investments had been made directly.
2.4	With reference to point (c) of item 2.2, if collateral is advanced to cover that portion of the exposure to any one counterparty in excess of 20% of the gross assets of the collective investment undertaking, details of such collateral arrangements.

2.5	Where a collective investment undertaking may invest in excess of 40% of its gross assets in another collective investment undertaking either of the following must be disclosed: a) information relating to each underlying collective investment undertaking as if it were an issuer under minimum disclosure requirements for the [registration document schedule for securities issued by collective investment undertakings of the closed-end type]; b) if securities issued by an underlying collective investment undertaking have already been admitted to trading on a regulated or equivalent third country market or an SME Growth Market, or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market or an SME Growth Market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Where the collective investment undertaking can reasonably demonstrate to the NCA that it is unable to access some or all of the information required by (i), the collective investment undertaking must disclose all information that it is able to access, is aware of, and/or is able to ascertain from information published by the underlying issuer/collective investment undertaking/counterparty in order to satisfy as far as is practicable the requirements of (a). In this case, the prospectus must include a prominent warning that the collective investment undertaking has been unable to access specified items of information that would otherwise be required to be included in the prospectus and therefore a reduced level of disclosure has been provided in relation to a specified underlying issuer, collective investment undertaking or counterparty.
2.6	**Physical commodities** Where a collective investment undertaking invests directly in physical commodities a disclosure of that fact and the percentage that will be so invested.
2.7	**Property collective investment undertakings** Where a collective investment undertaking is a property collective investment undertaking, disclosure of that fact, the percentage of the portfolio that is to be invested in the property, as well as a description of the property and any material costs relating to the acquisition and holding of such property. In addition, a valuation report relating to the properties must be included. Disclosure of item 4.1. applies to: a) the valuation entity; b) any other entity responsible for the administration of the property.

2.8	**Derivatives financial instruments/money market instruments/currencies** Where a collective investment undertaking invests in derivatives, financial instruments, money market instruments or currencies other than for the purposes of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of a collective investment undertaking, including any technique or instrument used to provide protection against exchange and credit risks), a statement whether those investments are used for hedging or for investment purposes, and a description of if and how risk is spread in relation to those investments.
2.9	Item 2.2 does not apply to investment in securities issued or guaranteed by a government, government agency or instrumentality of any Member State, its regional or local authorities, or OECD Member State.
2.10	Point (a) of item 2.2 does not apply to a collective investment undertaking whose investment objective is to track, without material modification, that of a broadly based and recognised published index. A statement setting out details of where information about the index can be obtained shall be included.
3	**THE APPLICANT'S SERVICE PROVIDERS**
3.1	The actual or estimated maximum amount of all material fees payable directly or indirectly by the collective investment undertaking for any services under arrangements entered into on or prior to the date of the registration document and a description of how these fees are calculated.
3.2	A description of any fee payable directly or indirectly by the collective investment undertaking which cannot be quantified under item 3.1 and which is or may be material.
3.3	If any service provider to the collective investment undertaking is in receipt of any benefits from third parties (other than the collective investment undertaking) by virtue of providing any services to the collective investment undertaking, and those benefits may not accrue to the collective investment undertaking, a statement of that fact, the name of that third party, if available, and a description of the nature of the benefits
3.4	The identity of the service providers and a description of their duties and the investor's rights.
3.5	A description of any material potential conflicts of interest which any of the service providers to the collective investment undertaking may have as between their duty to the collective investment undertaking and duties owed by them to third parties and their other

	interests. A description of any arrangements which are in place to address such potential conflicts.
4	**INVESTMENT MANAGER/ADVISERS**
4.1	In respect of any Investment Manager such information as is required to be disclosed under items 4.1 to 4.4 and, if material, under item 5.3 of Annex 1 together with a description of its regulatory status and experience.
4.2	In respect of any entity providing investment advice in relation to the assets of the collective investment undertaking, the name and a brief description of such entity.
5	**CUSTODY**
5.1	A full description of how the assets of the collective investment undertaking will be held and by whom and any fiduciary or similar relationship between the collective investment undertaking and any third party in relation to custody: Where a depositary, trustee, or other fiduciary is appointed a) such information as is required to be disclosed under items 4.1 to 4.4 and, if material, under item 5.3 of Annex 1 ; b) a description of the obligations of such party under the custody or similar agreement; c) any delegated custody arrangements; d) (d) the regulatory status of such party and delegates.
5.2	Where any entity other than those entities mentioned in item 5.1, holds any assets of the collective investment undertaking, a description of how these assets are held together with a description of any additional risks.
6	**VALUATION**
6.1	A description of the valuation procedure and of the pricing methodology for valuing assets.
6.2	Details of all circumstances in which valuations may be suspended and a statement of how such suspension will be communicated or made available to investors.
7	**CROSS LIABILITIES**
	In the case of an umbrella collective investment undertaking, a statement of any cross liability that may occur between classes or investments in other collective investment undertakings and any action taken to limit such liability.

8	FINANCIAL INFORMATION
8.1	Where, since the date of incorporation or establishment, a collective investment undertaking has not commenced operations and no financial statements have been made up as at the date of the registration document, a statement to that effect. Where a collective investment undertaking has commenced operations, the provisions of item 18 of Annex 1 or item 11 of Annex 18 apply as relevant.
8.2	A comprehensive and meaningful analysis of the collective investment undertaking's portfolio (if un-audited, clearly marked as such).
8.3	An indication of the latest net asset value of the collective investment undertaking or the latest market price of the unit or share of the collective investment undertaking(and, if un-audited, clearly marked as such).

ANNEX 16: LIST OF SPECIALIST ISSUERS

- Property companies
- Mineral companies
- Investment companies
- Scientific research based companies
- Start-up companies
- Shipping companies

ITEM	ANNEX 17: UNIVERSAL REGISTRATION DOCUMENT
1	**INFORMATION TO BE DISCLOSED ABOUT THE ISSUER**
1.1	The issuer shall disclose information in accordance with the disclosure requirements for “Share Registration Document”.
1.2	When the Universal Registration Document is approved, Item 1.5 of Annex 1 shall be supplemented with a statement that: • the universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129. When the Universal Registration Document is filed and published without prior approval, Item 1.5 of Annex 1 shall be replaced with a statement that: • the universal registration document has been filed with the [name of the competent authority] as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of Regulation (EU) 2017/1129; • the universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the [insert name of competent authority] and completed by amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

ITEM	ANNEX 18: REGISTRATION DOCUMENT FOR SECONDARY ISSUANCES
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide: • such person's name; • business address; • qualifications; • material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus**.**
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

1.5	A statement that: • the registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval shall not be considered as an endorsement of the issuer that it the subject of this registration document.
2	**STATUTORY AUDITORS**
	Names of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).
3	**RISK FACTORS**
	EQUITY SECURITIES
3.1 (equity securities)	A description of the material risks that are specific to the issuer, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risk factors , in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risk factors shall be corroborated by the content of the registration document.
	NON-EQUITY SECURITIES
3.2 (non-equity securities)	A description of the material risks that, are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risk factors, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risk factors shall be corroborated by the content of the registration document.
4	**INFORMATION ABOUT THE ISSUER**
4.1	The legal and commercial name of the issuer.
4.2	The domicile and legal form of the issuer, Legal Entity Identifier, the legislation under which the issuer operates, its country of

	incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.
5	**BUSINESS OVERVIEW**
5.1	A brief description of: • the key principal activities of the issuer; • of any significant changes impacting the issuer's operations and principal activities since the end of the period covered by the latest published audited financial statements, including: 1) an indication of any significant new products and services that have been introduced; and 2) to the extent the development of new products or services has been publicly disclosed, the status of development; and 3) any material changes in the issuer's regulatory environment since the period covered by the latest published audited financial statements.
5.2	**Investments**
5.2.1 (equity securities)	A description of the issuer's material investments made since the date of the last published financial statements and which are in progress and / or for which firm commitments have already been made, together with the anticipated source of funds.
6	**TREND INFORMATION**
	EQUITY SECURITIES
6.1 (equity securities)	A description of: • the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document; • any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document, or provide an appropriate negative statement; • information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a

	material effect on the issuer's prospects for at least the current financial year
	NON-EQUITY SECURITIES
6.2 (non-equity securities)	A description of: • any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and • any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document. If neither of the above are applicable then the issuer should include (an) appropriate negative statement(s).
6.3 (retail non-equity securities)	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.
7	**PROFIT FORECASTS OR ESTIMATES**
7.1 (equity securities)	Where an issuer has published a profit forecast or a profit estimate (which is still outstanding and valid), that forecast or estimate shall be included in the registration document. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 7.3 to 7.4.
7.2 (non-equity securities)	Where an issuer chooses to include a profit forecast or a profit estimate (which is still outstanding and valid) that forecast or estimate included in the registration document must contain the information set out in items 7.3 and 7.4. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such profit forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 7.3 to 7.4 In the case of wholesale or retail non-equity issuance, inclusion of the profit forecast or estimate shall be at the discretion of the issuer. Where such is included, the registration document shall contain the information set out in items 7.3. and 7.4.
7.3	Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published

	profit forecast or a previously published profit estimate pursuant to point 7.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and • in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.
7.4	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the historical financial information and ii) consistent with the issuer's accounting policies.
8	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**
	EQUITY SECURITIES
8.1 (equity securities)	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies; and b) partners with unlimited liability, in the case of a limited partnership with a share capital; c) founders, if the issuer has been established for fewer than five years; and d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. The nature of any family relationship between any of those persons. To the extent not already disclosed, and in the case of new members of the administrative, management or supervisory bodies

	of the issuer (since the date of the latest audited annual financial statements) and of each person mentioned in points (b) and (d) of the first subparagraph the following information: a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies; b) any convictions in relation to fraudulent offences for at least the previous five years; c) details of any bankruptcies, receiverships, liquidations or companies put into administration with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and(d) of the first subparagraph was associated for at least the previous five years; d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.
8.2 (equity securities)	Potential conflicts of interest between any duties to the issuer, of the persons referred to in item 9.1 and their private interests or other duties must be clearly stated. In the event that there are no such conflicts a statement to that effect must be made. Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 9.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management. Details of any restrictions agreed by the persons referred to in item 9.1 on the disposal within a certain period of time of their holdings in the issuer's securities.

	NON EQUITY SECURITIES
8.3 (non-equity securities)	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies; and b) partners with unlimited liability, in the case of a limited partnership with a share capital.
8.4 (non-equity securities)	Potential conflicts of interest between any duties to the issuer, of the persons referred to in item 9.1 and their private interests or other duties must be clearly stated. In the event that there are no such conflicts a statement to that effect must be made.
9	**MAJOR SHAREHOLDERS**
	EQUITY SECURITIES
9.1	In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, as of the date of the registration document or, if there are no such persons, an appropriate negative statement.
9.2	Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
9.3	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
9.4	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
	NON-EQUITY SECURITIES
9.5	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
9.6	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

10	**RELATED PARTY TRANSACTIONS**
	EQUITY SECURITIES
	Details of related party transactions (which for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002), that the issuer has entered into since the date of the last financial statements, must be disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable. If such standards do not apply to the issuer the following information must be disclosed: a) the nature and extent of any transactions which are — as a single transaction or in their entirety — material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; b) the amount or the percentage to which related party transactions form part of the turnover of the issuer.
11	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS, AND LOSSES**
11.1	**Financial statements** Financial statements (annual and half-yearly) required to be published over the 12 months prior to the approval of the prospectus. Where both annual and half-yearly financial statements have been published, only the annual statements shall be required where they postdate the half-yearly financial statements.
11.2	**Auditing of annual financial information**
11.2.1	**Audit report** The annual financial statements must be independently audited. The audit report shall be prepared in accordance with the Audit Directive[17] and Audit Regulation[18]. Where the Audit Directive and Audit Regulation do not apply:

[17] Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

[18] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

	• the annual financial statements must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document: 1) a prominent statement disclosing which auditing standards have been applied; 2) an explanation of any significant departures from International Standards on Auditing; • if audit reports on the annual financial statements contain qualifications, modifications of opinion, or disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
11.2.2	Indication of other information in the registration document which has been audited by the auditors.
11.2.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.
11.3.	**Legal and arbitration proceedings** Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.
11.4.	**Significant change in the issuer's financial position** A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.
	EQUITY SECURITIES
11.5 (equity securities)	**Pro forma financial information** In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported.

	This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 12 and must include the information indicated therein. Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.
11.6 (equity securities)	**Dividend policy** A description of the issuer's policy on dividend distributions and any restrictions thereon.
11.6.1	The amount of the dividend per share for the last financial year adjusted, where the number of shares in the issuer has changed, to make it comparable.
12	**ADDITIONAL INFORMATION**
	EQUITY SECURITIES
12.1	**Share capital** The following information as of the date of the most recent balance sheet included in the annual financial statements
12.1.1	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.
12.1.2	Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.
13	**REGULATORY DISCLOSURES**
	A summary of the information disclosed under Regulation (EU) No 596/2014 over the last 12 months which is relevant as at the date of the prospectus. The summary shall be presented in an easily analysable, concise and comprehensible form and shall not be a replication of information already published under Regulation (EU) No 596/2014. The summary shall be presented in a limited number of categories depending on their topics.

14	**MATERIAL CONTRACTS**
	Where not previously disclosed elsewhere, a brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business.
15	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, can be inspected: a) the up to date memorandum and articles of association of the issuer; b) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 19: SECONDARY ISSUANCE SECURITIES NOTE	CAT.
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	A
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	A
1.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the Securities Note.	A
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	C

1.5	A statement that: • this [securities note / prospectus] has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of competent authority] only approves this [securities note / prospectus] as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the quality of the securities that are the subject of this [securities note / prospectus]; • investors should make their own assessment as to the suitability of investing in the securities; and • that the [securities note / prospectus] has been drawn up as a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129.	A
2	**RISK FACTORS**	
	A description of the material risks that are specific to the securities being offered and/or admitted to trading, in a limited number of categories, in a section headed 'Risk Factors'. Risks to be disclosed shall include: • those resulting from the level of subordination of a security and the impact on the expected size or timing of payments to holders of the securities under bankruptcy, or any other similar procedure, including, where relevant, the insolvency of a credit institution or its resolution or restructuring in accordance with Directive 2014/59/EU (BRRD); and • in cases where the securities are guaranteed, the specific and material risks related to the guarantor to the extent they are relevant to its ability to fulfil its commitment under the guarantee. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.	A

3	ESSENTIAL INFORMATION	
3.1	**Interest of natural and legal persons involved in the issue/offer** A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.	C
	EQUITY SECURITIES	
3.2 (equity securities)	Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.	
3.3 (equity securities)	**Working capital statement** Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.	
3.4 (equity securities)	**Capitalisation and indebtedness** A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness. In the case of material changes in the capitalisation and indebtedness position of the issuer within the 90 day period additional information shall be given through the presentation of a narrative description of such changes or through the updating of those figures.	
	NON-EQUITY SECURITIES	
3.5 (retail non-equity securities)	Reasons for the offer to the public or for the admission to trading if different from making profit and/or hedging certain risks. In case of an offer to the public, disclosure of the estimated total expenses of the issue / offer and the estimated net amount of the proceeds. These expenses and proceeds shall be broken into each principal intended use and presented by order of priority	C

	of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed.	
3.6 (wholesale non-equity securities)	Reasons for the issuance if different from making profit and/or hedging certain risks	C
4	**INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING**	
4.1	A description of the type, class and amount of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number.	A C
4.2	Currency of the securities issue.	C
4.3	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.	C
4.4	A description of any restrictions on the free transferability of the securities.	B
4.5	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.	A
4.6	If different from the issuer, the identity and contact details of the offeror, of the securities and/or the person asking for admission to trading, including LEI where the offeror has legal personality.	C
	EQUITY SECURITIES	
4.7 (equity securities)	A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights: Dividend rights: • fixed date(s) on which the entitlement arises; • time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates;	

	• dividend restrictions and procedures for non-resident holders; • rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments. Voting rights. Pre-emption rights in offers for subscription of securities of the same class. Right to share in the issuer's profits. Rights to share in any surplus in the event of liquidation. Redemption provisions. Conversion provisions.	
4.8 (equity securities)	Statement on the existence of national legislation on takeovers applicable to the issuer and the possibility for frustrating measures if any.	
4.9 (equity securities)	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.	
	NON EQUITY SECURITIES	
4.10 (non-equity securities)	The relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of a resolution under Directive 2014/59/EU.	A
4.11 (non-equity securities)	A description of the rights attached to the securities, including any limitations of those rights.	B
4.12 (non-equity securities)	The nominal interest rate. Provisions relating to interest payable: • the date from which interest becomes payable and the due dates for interest; • the time limit on the validity of claims to interest and repayment of principal.	C B C B

	Where the rate is not fixed: • A statement setting out the type of underlying; • description of the underlying on which it is based and of the method used to relate the two; • indication where information about the past and the further performance of the underlying and its volatility can be obtained; • a description of any market disruption or settlement disruption events that affect the underlying; • adjustment rules with relation to events concerning the underlying; • name of the calculation agent; • In the case of retail non-equity, if the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.	 A C C B B C B
4.13 (non-equity securities)	Maturity date and arrangements for the amortisation of the loan, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the issuer or of the holder, it shall be described, stipulating amortisation terms and conditions.	C B
4.14 (non-equity securities)	An indication of yield. Describe the method whereby that yield is calculated in summary form.	C B
4.15 (non-equity securities)	Representation of debt securities holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of the website where the public may have free access to the contracts relating to these forms of representation.	B

4.16 (non-equity securities)	Where there is no offer, the issue date of the securities.	C
5	**TERMS AND CONDITIONS OF THE OFFER**	
5.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**	
5.1.1	Conditions to which the offer is subject.	C
5.1.2	The time period, including any possible amendments, during which the offer will be open and a description of the application process together with the issue date of new securities.	C
5.1.3.	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	C
5.1.4.	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).	C
5.1.5.	Method and time limits for paying up the securities and for delivery of the securities.	C
5.1.6.	A full description of the manner and date in which results of the offer are to be made public.	C
5.1.7.	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	C
	EQUITY SECURITIES	
5.1.8 (equity securities)	Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, an indication of the amount of securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities to be offered cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase of subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.	

5.1.9 (equity securities)	An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	
5.1.10 (equity securities)	An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.	
	NON-EQUITY SECURITIES	
5.1.11 (non-equity securities)	Total amount of the issue/offer; if the amount is not fixed, an indication of the amount of securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities to be offered cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase of subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.	C
5.2	**Plan of distribution and allotment**	
5.2.1.	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.	C
	EQUITY SECURITIES	
5.2.2 (equity securities)	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	
5.3	**Pricing**	
	EQUITY SECURITIES	
5.3.1 (equity securities)	An indication of the price at which the securities will be offered and the amount of any expenses and taxes charged to the subscriber or purchaser. If the price is not known, pursuant to Article 17 of Regulation (EU) 2017/1129 indicate: • the maximum price of securities, as far as they are available; or • the valuation methods and criteria, and/or conditions, in accordance with which the final offer	

	price is to be determined and an explanation of any valuation methods used. Where neither (a) nor (b) can be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities to be offered to the public has been filed.	
5.3.2 (equity securities)	Process for the disclosure of the offer price.	
5.3.3 (equity securities)	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.	
	NON-EQUITY SECURITIES	
5.3.4 (non-equity)	An indication of the price at which the securities will be offered; or a description of the method for determining the price and the process for its disclosure. Indicate the amount of any expenses and taxes charged to the subscriber or purchaser. Where the issuer is subject to Regulation (EU) No 1286/2014 and / or Directive 2014/65/EU and to the extent that they are known, include those expenses contained in the price.	C B C
5.4.	**Placing and underwriting**	
5.4.1	Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extend known to the issuer or to the offeror, of the placers in the various countries where the offer takes place	C
5.4.2	Name and address of any paying agents and depository agents in each country.	C
5.4.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission	C

5.4.4	When the underwriting agreement has been or will be reached.	C
6	**ADMISSION TO TRADING AND DEALING ARRANGEMENTS**	
6.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market, other equivalent third country markets or an SME Growth Market with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.	B

	EQUITY SECURITIES	
6.2 (equity securities)	All the regulated markets equivalent third country markets or SME Growth Markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	
6.3 (equity securities)	If simultaneously or almost simultaneously with the application for admission of the securities to a regulated market, securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number, characteristics and price of the securities to which they relate.	
6.4 (equity securities)	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.	
	RETAIL NON-EQUITY SECURITIES	
6.5 (non-equity securities)	All the regulated markets, equivalent third country markets or SME Growth Markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	C
6.6 (non-equity securities)	The issue price of the securities.	C
6.7 (non-equity securities)	An estimate of the total expenses related to the admission to trading.	C
	WHOLESALE NON-EQUITY SECURITIES	
6.8 (non-equity securities)	Name and address of any paying agents and depositary agents in each country.	C
7	**SELLING SECURITIES HOLDERS**	
	EQUITY SECURITIES	
7.1	**Lock-up agreements** The parties involved. Content and exceptions of the agreement. Indication of the period of the lock up.	

8	**EXPENSE OF THE ISSUE/OFFER**	
	EQUITY SECURITIES	
	The total net proceeds and an estimate of the total expenses of the issue/offer.	
9	**DILUTION**	
	EQUITY SECURITIES	
9.1	A comparison of • participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; and, • the net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and / or capital increase) and the offering price per share within that public offer.	
9.2	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience should also be presented on the basis that they do take up their entitlement (in addition to the situation where they do not).	
10	**ADDITIONAL INFORMATION**	
10.1	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	C
10.2	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.	A
	RETAIL NON-EQUITY SECURITIES	
10.3 (non-equity securities)	Credit ratings assigned to the securities at the request or with the co-operation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.	C

	WHOLESALE NON-EQUITY SECURITIES	
10.4 (non-equity securities)	An estimate of the total expenses related to the admission to trading.	C
10.5 (non-equity securities)	Credit ratings assigned to the securities at the request or with the co-operation of the issuer in the rating process.	A

ITEM	ANNEX 20: ADDITIONAL INFORMATION REGARDING CONSENT AS REFERRED TO IN ARTICLE B 20[19] BUILDING BLOCK	CAT.
1	**INFORMATION TO BE PROVIDED REGARDING CONSENT BY THE ISSUER OR PERSON RESPONSIBLE FOR DRAWING UP THE PROSECTUS**	
1.1	Express consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus and statement that it accepts responsibility for the content of the prospectus also with respect to the subsequent resale or final placement of securities by an financial intermediary which was given consent to use the prospectus.	A
1.2	Indication of the period for which consent to use the prospectus is given.	A
1.3	Indication of the offer period upon which subsequent resale or final placement of securities by financial intermediaries can be made.	C
1.4	Indication of the Member States in which financial intermediaries may use the prospectus for subsequent resale or final placement of the securities.	A
1.5	Any other clear and objective conditions attached to the consent which are relevant for the use of the prospectus.	C
1.6	Notice in bold informing investors that, in the event of an offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.	A
2A	**ADDITIONAL INFORMATION TO BE PROVIDED WHERE CONSENT IS GIVEN TO ONE OR MORE SPECIFIED FINANCIAL INTERMEDIARIES**	
2A.1	List and identify (name and address) of the financial intermediary or intermediaries that are allowed to use the prospectus.	C
2A.2	Indication of how any new information with respect to the financial intermediaries, unknown at the time of the	A

[19] European Commission to insert final reference once Articles B.1, B.2, etc. as per this final report have been completed. See Articles (specifically Article B) within the section 'Technical advice on the format and content of the prospectus'.

	approval of the prospectus, the base prospectus or the filing of the final terms, as the case may be, is to be published and where it can be found.	
2B	**ADDITIONAL INFORMATION TO BE PROVIDED WHERE CONSENT IS GIVEN TO ALL FINANCIAL INTERMEDIARIES**	
	Notice in bold informing investors that any financial intermediary using the prospectus has to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto.	A

ANNEX 21: LIST OF ADDITIONAL INFORMATION IN FINAL TERMS
ADDITIONAL INFORMATION
Example(s) relating to complex derivative securities to explain how the value of the investment is affected by the value of the underlying and the nature of those securities
Additional provisions, not required by the relevant securities not, relating to the underlying
Country(ies) where the offer((s) to the public takes place
Country(ies) where admission to trading on the regulated market(s) is being sought
Country(ies) into which the relevant base prospectus has been notified
ECB eligibility
Series number
Tranche number

Technical advice on the format and content of the EU Growth prospectus including its specific summary

On the basis of the considerations presented in the Final Report, ESMA provides the following technical advice in relation to the format and content of the EU Growth prospectus including its specific summary. ESMA has not drafted recitals as these will depend on the advice that is adopted.

Article L

Format of the EU Growth prospectus

1. Where an issuer or an offeror of securities chooses, according to Article 15(1) of Regulation (EU) 2017/1129, to draw up an EU Growth prospectus as a single document, the prospectus or base prospectus shall be composed of the following parts in the following order:

    (a) Table of contents;

    (b) Information incorporated by reference (if applicable);

    (c) Summary;

    (d) General description of the programme;

    (e) Purpose and persons responsible, third party information, experts' reports and competent authority approval;

    (f) Strategy, performance and business environment;

    (g) Working capital statement and statement of capitalisation and indebtedness;

    (h) Risk factors;

    (i) Details of the offer/admission;

    (j) Terms and conditions of the securities;

    (k) Corporate Governance;

    (l) Shareholder and security holder information;

    (m) Guarantor information (if applicable); and

    (n) Financial statements and Key Performance Indicators (KPIs);

    (o) Documents available.

Letter (d) of the first subparagraph shall only apply in case of a base prospectus.

Letter (g) of the first subparagraph shall only apply in case of equity issuance by companies with market capitalisation above EUR 200 000 000.

2. Where an issuer or an offeror of securities chooses, according to Article 15(1) of Regulation (EU) 2017/1129, to draw up an EU Growth prospectus as separate documents, the EU Growth registration document and the EU Growth securities note shall be composed of the following parts in the following order:

(a) EU Growth registration document

a. Table of contents;

b. Information incorporated by reference (if applicable);

c. Persons responsible, third party information, experts' reports and competent authority approval;

d. Strategy, performance and business environment;

e. Risk factors;

f. Corporate Governance;

g. Shareholder and security holder information;

h. Financial statements and Key Performance Indicators (KPIs);

i. Documents available.

(b) EU Growth securities note

a. Table of contents;

b. Information incorporated by reference (if applicable);

c. General description of the programme;

d. Purpose, persons responsible, third party information, experts' reports and competent authority approval ;

e. Working capital statement and statement of capitalisation and indebtedness;

f. Risk factors;

g. Details of the offer/admission;

h. Terms and conditions of the securities;

i. Guarantor information (if any);

j. Documents available.

Letter (c) under (b) of the first subparagraph shall only apply in case of a base prospectus.

Letter (e) under (b) of the first subparagraph shall only apply in case of equity issuance by companies with market capitalisation above EUR 200 000 000.

3. Where the issuer chooses to include a cover note in the EU Growth Prospectus the length of such cover note should not exceed three sides of A4-sized paper.

4. Within the order laid down in paragraphs 1 and 2, the issuer or the offeror shall be free to define the order of the required information items in each section included in the schedules and building blocks according to which the prospectus is drawn up.

Article M

The summary for the EU Growth prospectus

1. The EU Growth prospectus shall include a summary that provides the key information that investors need in order to understand the nature and the risks of the issuer, the guarantor and the securities that are being offered, and that is to be read together with the other parts of the prospectus to aid investors when considering whether to invest in such securities.

2. The content of the summary shall be accurate, fair, clear and not misleading. It is to be read as an introduction to the EU Growth prospectus and it shall be consistent with the other parts of the prospectus.

3. The summary shall be drawn up as a short document written in a concise manner and of a maximum length of six sides of A4-sized paper when printed. The summary shall:

   (a) be presented and laid out in a way that is easy to read, using characters of readable size;

   (b) be written in a language and a style that facilitate the understanding of the information, in particular, in language that is clear, non-technical, concise and comprehensible for investors.

4. The summary shall be made up of the following four sections:

   (a) an introduction, containing warnings;

   (b) key information on the offer of securities to the public and, where applicable, the dealing arrangements;

   (c) key information on the issuer;

(d) key information on the securities.

5. Where a key information document is required to be prepared under Regulation (EU) No 1286/2014, the issuer or the offeror may substitute the content set out in section 3 of the summary with the information set out in points (c) to (i) of Article 8(3) of Regulation (EU) No 1286/2014. Where Regulation (EU) No 1286/2014 applies, each Member State acting as a home Member State for the purpose of this Regulation may require issuers, offerors or persons asking for admission to trading on an MTF to substitute the content set out in this paragraph with the information set out in points (c) to (i) of Article 8(3) of Regulation (EU) No 1286/2014 in the EU Growth prospectuses approved by its competent authority.

6. Where there is a substitution of content pursuant to the previous subparagraph, the maximum length set out in paragraph 3 shall be extended by three additional sides of A4-sized paper. The content of the key information document shall be included as a distinct section of the summary. The page layout of that section shall clearly identify it as the content of the key information document as set out in points (c) to (i) of Article 8(3) of Regulation (EU) No 1286/2014.

7. Where, in accordance with the third subparagraph of Article 8(9)) of Regulation (EU) No 1129/2017, a single summary covers several securities which differ only in some very limited details, such as the issue price or maturity date, the maximum length set out in paragraph 3 shall be extended by two additional sides of A4-sized paper. However, in the event that a key information document is required to be prepared for those securities under Regulation (EU) No 1286/2014 and the issuer or the offeror proceeds with the substitution of content referred to in the first subparagraph of this paragraph, the maximum length shall be extended by three additional sides of A4-sized paper for each additional security.

8. Where the summary contains information related to a guarantee attached to the securities, the maximum length set out in paragraph 3 shall be extended by one additional side of A4-sized paper.

9. Under each of the sections 2, 3 and 4 of the summary, the issuer may add sub-headings where deemed necessary.

10. The total number of risk factors included in the sections 2.3, 3.3 and 3.4 of the summary shall not exceed 15.

11. The summary shall not contain cross-references to other parts of the EU Growth prospectus or incorporate information by reference.

12. Where appropriate the information in the summary may be presented in a tabular format. Where a key information document is required to be prepared for securities offered to the public under Regulation (EU) No 1286/2014 and a home Member State requires the issuer, the offeror or the person asking for admission to trading on an MTF to substitute the content of the key information document in accordance with the second sentence of

paragraph 5 of this Article, the persons advising on or selling the securities on behalf of the issuer, the offeror or the person asking for admission to trading on an MTF shall be deemed to have fulfilled, during the offer period, the obligation to provide the key information document in accordance with Article 13 of Regulation (EU) No 1286/2014, provided that they instead provide the investors concerned with the summary of the EU Growth prospectus under the timing and conditions set out in Articles 13 and 14 of that Regulation.

ITEM	ANNEX 22: EU GROWTH SHARE REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL** *This section shall provide information on the persons who are responsible for the content of the EU Growth registration document. The purpose of this section is to provide comfort to investors on the accuracy of the information disclosed in the prospectus. Moreover, this section provides information on the legal basis of the EU Growth registration document and its approval by the competent authority.*
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's: • name; • business address; • qualifications; • material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted

	which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that: • the registration document has been approved by the [name of the competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of the competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that is the subject of this registration document; • the [registration document / prospectus] has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.
2	**STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT** *The purpose of this section is to disclose information on the identity of the issuer, its business, strategy and objectives. By reading this section, investors should have a clear understanding of the issuer's activities and the main trends affecting its performance, its organisational structure and material investments. Where applicable the issuer shall disclose in this section estimates or forecasts of its future performance. Moreover, issuers with market capitalisation above EUR 200 000 000 shall provide a fair and balanced review of the company's past performance in this section.*
2.1	Information about the issuer: • the legal and commercial name of the issuer; • the place of registration of the issuer, its registration number and Legal Entity Identifier; • the date of incorporation and the length of life of the issuer, except where indefinite; • the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation and the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.
2.1.1	Information on: a) the material changes in the issuer's borrowing and funding structure since the end of the last financial period for which information has been provided in the registration document .

	Where the registration document contains interim financial information, this information may be provided since the end of the last interim period for which financial information has been included in the registration document; and b) description of the expected financing of its activities.
2.2	**Business overview**
2.2.1	**Strategy and objectives** A description of the issuer's business strategy and strategic objectives (both financial and non-financial - if any). This description shall take into account the issuer's future challenges and prospects. Where relevant the description under shall take into account the regulatory environment in which the issuer operates.
2.2.2	**Principal Activities** A description of the issuer's principal activities, including: • the main categories of products sold and/or services performed; • an indication of any significant new products, services or activities that have been introduced since the publication of the latest audited financial statements.
2.2.3	**Principal Markets** A description of the principal markets in which the issuer competes.
2.3	**Organisational structure**
2.3.1	If the issuer is part of a group and where not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.
2.3.2	If the issuer is dependent upon other entities within the group this must be clearly stated together with an explanation of this dependence.
2.4	**Investments**
2.4.1	To the extent not covered elsewhere in the registration document a description, (including the amount) of the issuer's material investments from the end of the period covered by the historical financial information included in the prospectus up to the date of the registration document.
2.4.2	A description of any material investments of the issuer's that are in progress or for which firm commitments have already been made,

	including if material to the issuer's business the method of financing (internal or external).
2.5	**Operating and financial review** (to be provided by equity issuers with market capitalisation above EUR 200 000 000 only when the Management Reports presented and prepared in accordance with Articles 19 and 29 of Directive 2013/34/EU are not included in the EU Growth prospectus)
2.5.1	To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, a balanced and comprehensive analysis of the development and performance of the issuer's business and of its position consistent with the size and complexity of the business for each year for which historical financial information is required including the causes of material changes. To the extent necessary for an understanding of the issuer's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial Key Performance Indicators relevant to the particular business, including information relating to environmental and employee matters**.** The analysis shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements. To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, the review shall also give an indication of : a) the issuer's likely future development; b) activities in the field of research and development.
2.6	**Trend information**
2.6.1	A description of the most significant recent trends in production, sales and inventory and costs and selling prices since the end of the last financial year to the date of the registration document.
2.7	**Profit forecasts or estimates**
2.7.1	Where an issuer has published a profit forecast or a profit estimate (which is still outstanding and valid) that forecast or estimate shall be included in the registration document. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 2.7.2 to 2.7.3.
2.7.2	Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published profit forecast or a previously published profit estimate pursuant to

	point 2.7.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and • in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.
2.7.3	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the annual financial statements and ii) consistent with the issuer's accounting policies.
3	**RISK FACTORS** *The purpose of this section is to describe the main risks faced by the issuer and their impact on the issuer's future performance.*
	A description of the material risks that are specific to the issuer, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer or offeror, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the registration document.
4	**CORPORATE GOVERNANCE** *This section shall explain the issuer's administration and the role of the persons involved in the management of the company. It will furthermore provide information on the background of senior management, their remuneration and its potential link to the issuer's performance.*
4.1	**Administrative, management, and supervisory bodies and senior management**
4.1.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities

	performed by them outside that issuer where these are significant with respect to that issuer: a) members of the administrative, management and/or supervisory bodies; b) partners with unlimited liability, in the case of a limited partnership with a share capital; c) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business. The nature of any family relationship between any of the persons referred under (a), (b) and (c).
4.1.2	In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (b) and (c) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous three years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies; b) any convictions in relation to fraudulent offences for at least the previous five years; c) details of any bankruptcies, receiverships, liquidations or companies put into administration with which a person described in (a) and (c) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (c) of the first subparagraph was associated for at least the previous five years; d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.

4.2	**Remuneration and benefits** To the extent not covered elsewhere in the registration document in relation to the last full financial year for those persons referred to in points (a) and (c) of the first subparagraph of item 4.1.1.
4.2.1	The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person. That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country or is not otherwise publicly disclosed by the issuer.
4.2.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.
4.3	**Shareholdings and stock options** With respect to each person referred to in points (a) and (c) of the first subparagraph of item 4.1.1 provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.
5	**SHAREHOLDER AND SECURITY HOLDER INFORMATION** *This section shall provide information on the issuer's major shareholders, the existence of potential conflicts of interest between senior management and the issuer, the issuer's share capital as well as information on related party transactions, legal and arbitration proceedings and material contracts.*
5.1	**Major shareholders**
5.1.1	In so far as known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is equal or above 5% of capital or total voting rights, together with the amount of each such person's interest, as at the date of the registration document or, if there are no such persons, an appropriate negative statement.
5.1.2	Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
5.1.3	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
5.1.4	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in or prevent a change in control of the issuer.

5.2	**Legal and arbitration proceedings**
5.2.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.
5.3	**Administrative, Management and Supervisory bodies' and Senior Management's conflicts of interests**
5.3.1	Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 4.1.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made. Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 4.1.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management. Details of any restrictions agreed by the persons referred to in item 4.1.1 on the disposal within a certain period of time of their holdings in the issuer's securities.
5.4	**Related party transactions**
5.4.1	If International Financial Reporting Standards adopted according to the Regulation (EC) No 1606/2002 do not apply to the issuer, the following information must be disclosed for the period covered by the historical financial information and up to the date of the registration document: a) the nature and extent of any related party transactions[20] which are – as a single transaction or in their entirety – material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; b) the amount or the percentage to which related party transactions form part of the turnover of the issuer. If international Financial Reporting Standards adopted according to the Regulation (EC) No 1606/2002 apply to the issuer, the above information must be disclosed only for transactions that have

[20] Related party transactions for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002.

	occurred since the end of the last financial period for which audited financial information have been published.
5.5	**Share capital**
5.5.1	The following information as of the date of the most recent balance sheet included in the annual financial statements:
5.5.2	The amount of issued capital, and for each class of share capital: a) the total of the issuer's authorised share capital; b) the number of shares issued and fully paid and issued but not fully paid; c) the par value per share, or that the shares have no par value; and d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of the capital has been paid for with assets other than cash within the period covered by the annual financial statements, state that fact.
5.5.3	If there are shares not representing capital, state the number and main characteristics of such shares;
5.5.4	The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer;
5.5.5	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription;
5.5.6	Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital;
5.5.7	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate; and
5.5.8	Description of any changes to the share capital in the 12 months preceding the approval of the prospectus. The terms of the transactions should be summarized, including the consideration paid for the shares.

5.6	**Memorandum and Articles of Association**
5.6.1	A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.
5.7	**Material contracts**
5.7.1	A brief summary of any material contracts, other than contracts entered into in the ordinary course business, to which the issuer or any member of the group is a party, for the last year immediately preceding publication of the registration document.
6	**FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS (KPIs)** *This section shall provide historical financial information by disclosing the issuer's financial information and key performance indicators. It shall also provide information on the issuer's dividend policy and where applicable it shall disclose pro forma financial information.*
6.1	**Historical financial information**
6.1.1	Audited historical financial information covering the latest two financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.
6.1.2	<u>Change of accounting reference date</u> If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 24 months or the entire period for which the issuer has been in operation, whichever is shorter.
6.1.3	<u>Accounting Standards</u> The financial information must be prepared according to International Financial Reporting Standards (IFRS) as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable the financial information must be prepared according to: a) a Member State's national accounting standards for issuers from the EEA, as required by the Accounting Directive; or b) a third country's national accounting standards equivalent to IFRS for third country issuers. If such third country's national accounting standards are not equivalent to IFRS the financial statements shall be restated in IFRS.

6.1.4	Change of accounting framework The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the accounting framework applicable to the issuer do not require the audited financial statements to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements, (as defined by IAS 1 Presentation of Financial Statements), including comparatives, must be prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.
6.1.5	Where the audited financial information is prepared according to national accounting standards, they must include at least the following: a) the balance sheet; b) the income statement; c) the accounting policies and explanatory notes.
6.1.6	Consolidated financial statements If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document
6.1.7	Age of Financial Information The balance sheet date of the last year of audited financial information may not be older than one of the following: (a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document; (b) 16 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document. Where the registration document contains no interim financial information, the balance sheet date of the last year of audited financial statements may not be older than 16 months from the date of the registration document.

6.2	**Interim and other financial information**
6.2.1	If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half-yearly financial information has been audited or reviewed , the audit or review report must also be included. If the quarterly or half-yearly financial information is unaudited or has not been reviewed, state that fact. Interim financial information should be prepared in accordance with the requirements of the Accounting Directive[21] or IFRS as the case may be. For issuers not subject to either the Accounting Directive or IFRS, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.
6.3	**Auditing of annual financial information**
6.3.1	The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with the Audit Directive[22] and Audit Regulation[23]. Where the Audit Directive and Audit Regulation do not apply: • the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with the auditing standards applicable in a Member State or an equivalent standard; • if audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
6.3.2	Indication of other information in the registration document, which has been audited by the auditors.

[21] Directive 2013/34/ EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EC and 83/349/EEC

[22] Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

[23] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

6.3.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the information and state that the information is unaudited.
6.4	**Key Performance Indicators**
6.4.1	To the extent not disclosed elsewhere in the registration document and where an issuer has published KPIs, financial and/or operational, or chooses to include such in the registration document a description of the issuer's KPI for each financial year for the period covered by the historical financial information shall be included in the registration document. KPIs must be calculated on a comparable basis. Where the KPIs have been audited by the auditors, mention that fact.
6.5	**Significant change in the issuer's financial position** A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.
6.6	**Dividend policy** A description of the issuer's policy on dividend distributions and any restrictions thereon. If the issuer has no such policy, include an appropriate negative statement. If not disclosed in the financial statements, the amount of the dividend per share for each financial year for the period covered by the annual financial statements adjusted, where the number of shares in the issuer has changed, to make it comparable.
6.7	**Pro forma financial information** In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported. This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 12 and must include the information indicated therein. Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.
7	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, can be inspected:

	a) the up to date memorandum and articles of association of the issuer; b) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 23: EU GROWTH NON-EQUITY REGISTRATION DOCUMENT
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL** *This section shall provide information on the persons who are responsible for the content of the EU Growth registration document. The purpose of this section is to provide comfort to investors on the accuracy of the information disclosed in the prospectus. Moreover, this section provides information on the legal basis of the EU Growth registration document and its approval by the competent authority.*
1.1	All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's: • name; • business address; • qualifications;

	• material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document for the purpose of the prospectus.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that: • the registration document has been approved by the [name of the competent authority], as competent authority under Regulation (EU) 2017/1129; • the [name of the competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; • such approval should not be considered as an endorsement of the issuer that is the subject of this registration document; • the [registration document / prospectus] has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.
2	**STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT** *The purpose of this section is to disclose information on the identity of the issuer, its business, strategy and objectives. By reading this section, investors should have a clear understanding of the issuer's activities and the main trends affecting its performance, its organisational structure and material investments. Where applicable the issuer shall disclose in this section estimates or forecasts of its future performance.*
2.1	Information about the issuer: • the legal and commercial name of the issuer; • the place of registration of the issuer, its registration number and Legal Entity Identifier; • the date of incorporation and the length of life of the issuer, except where indefinite; • the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation and the address, telephone number of its registered office (or principal place of business if different from its registered

	office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus; • any recent events particular to the issuer and which are to a material extent relevant to an evaluation of the issuer's solvency; • credit ratings assigned to an issuer at the request or with the cooperation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.
2.1.1	Information on: a) the material changes in the issuer's borrowing and funding structure since the end of the last financial period for which information has been provided in the registration document. Where the registration document contains interim financial information, this information may be provided since the end of the last interim period for which financial information has been included in the registration document; and b) description of the expected financing of its activities.
2.2	**Business overview**
2.2.1	**Strategy and objectives** A description of the issuer's business strategy and strategic objectives (both financial and non-financial - if any). This description shall take into account the issuer's future challenges and prospects.
2.2.2	**Principal Activities** A description of the issuer's principal activities, including: • the main categories of products sold and/or services performed; • an indication of any significant new products, services or activities that have been introduced since the publication of the latest audited financial statements.
2.2.3	**Principal Markets** A description of the principal markets in which the issuer competes.
2.3	**Organisational structure**
2.3.1	If the issuer is part of a group and where not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, a brief description of the group and the issuer's position within the group. This may be

	in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.
2.3.2	If the issuer is dependent upon other entities within the group this must be clearly stated together with an explanation of this dependence.
2.4	**Investments**
2.4.1	To the extent not covered elsewhere in the registration document a description, (including the amount) of the issuer's material investments from the end of the period covered by the historical financial information included in the prospectus up to the date of the registration document.
2.4.2	A description of any material investments of the issuer's that are in progress or for which firm commitments have already been made, including if material to the issuer's business the method of financing (internal or external).
2.5	**Trend information**
2.5.1	A description of: • any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and • any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document. If the above are not applicable then the issuer should include (an) appropriate negative statement(s).
2.6	**Profit forecasts or estimates**
2.6.1	Where a profit forecast or estimate is included in the prospectus , the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: • there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; • the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the

	general accuracy of the estimates underlying the forecast; and • in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.
2.6.2	The prospectus shall include a statement that the profit forecast or estimate has been compiled on the basis stated and prepared on a basis i) comparable with the annual financial statements and ii) consistent with the issuer's accounting policies.
3	**RISK FACTORS** *The purpose of this section is to describe the main risks faced by the issuer and their impact on the issuer's future performance.*
	A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer or offeror, taking into account the negative impact on the issuer and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the registration document.
4	**CORPORATE GOVERNANCE** *This section shall explain the issuer's administration and the role of the persons involved in the management of the company. It will furthermore provide information on the background of senior management, their remuneration and its potential link to the issuer's performance.*
4.1	**Administrative, management, and supervisory bodies and senior management**
4.1.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer: a) members of the administrative, management and/or supervisory bodies; b) partners with unlimited liability, in the case of a limited partnership with a share capital.
4.1.2	In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (a) and (b) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:

	a) the names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous three years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies; b) any convictions in relation to fraudulent offences for at least the previous five years; c) details of any bankruptcies, receiverships, liquidations or companies put into administration with which a person described in (a) and (c) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (c) of the first subparagraph was associated for at least the previous five years; d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information to be disclosed, a statement to that effect is to be made.
4.2	**Remuneration and benefits** To the extent not covered elsewhere in the registration document in relation to the last full financial year for those persons referred to in points (a) and (b) of the first subparagraph of item 4.1.1.
4.2.1	The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person. That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country or is not otherwise publicly disclosed by the issuer.
4.2.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.
4.3	**Shareholdings and stock options** With respect to each person referred to in points (a) and (b) of the first subparagraph of item 4.1.1 provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.

5	**SHAREHOLDER AND SECURITY HOLDER INFORMATION** *This section shall provide information on the issuer's major shareholders, the existence of potential conflicts of interest between senior management and the issuer, the issuer's share capital as well as information on related party transactions, legal and arbitration proceedings and material contracts.*
5.1	**Major shareholders**
5.1.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
5.1.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in or prevent a change in control of the issuer.
5.2	**Legal and arbitration proceedings**
5.2.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.
5.3	**Administrative, Management and Supervisory bodies' and Senior Management's conflicts of interests**
5.3.1	Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 4.1.1., and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.
5.4	**Related party transactions**
5.4.1	If International Financial Reporting Standards adopted according to the Regulation (EC) No 1606/2002 do not apply to the issuer, the following information must be disclosed for the period covered by the historical financial information and up to the date of the registration document: a) the nature and extent of any related party transactions[24] which are – as a single transaction or in their entirety – material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of

[24] Related party transactions for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002.

	why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; b) the amount or the percentage to which related party transactions form part of the turnover of the issuer. If international Financial Reporting Standards adopted according to the Regulation (EC) No 1606/2002 apply to the issuer, the above information must be disclosed only for the transactions occurred since the end of the last financial period for which audited financial information have been published.
5.5	**Share capital**
5.5.1	The following information as of the date of the most recent balance sheet included in the annual financial statements: The amount of the issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics, the part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.
5.6	**Material contracts**
5.6.1	A brief summary of any material contract that are not entered into in the ordinary course of the issuer's business which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.
6	**FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS** *This section shall provide historical financial information by disclosing the issuer's financial information and KPIs. It shall also provide information on the issuer's dividend policy and where applicable it shall disclose pro forma financial information.*
6.1	**Historical financial information**
6.1.1	Audited historical financial information covering the last financial year (or such shorter period as the issuer has been in operation) and the audit report in respect of that year.

6.1.2	Change of accounting reference date If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 12 months or the entire period for which the issuer has been in operation, whichever is shorter.
6.1.3	Accounting Standards The financial information must be prepared according to International Financial Reporting Standards (IFRS) as endorsed in the EU based on Regulation (EC) No 1606/2002 (IFRS). If IFRS is not applicable the financial information must be prepared according to: a) a Member State's national accounting standards for issuers from the EEA, as required by the Accounting Directive; or b) a third country's national accounting standards equivalent to IFRS for third country issuers. If such third country's national accounting standards are not equivalent to IFRS the financial statements shall be restated in IFRS.
6.1.4	Change of accounting framework The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the accounting framework applicable to the issuer do not require the audited financial statements to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements, (as defined by IAS 1 Presentation of Financial Statements), including comparatives, must be prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.
6.1.5	Where the audited financial information is prepared according to national accounting standards, they must include at least the following: a) The balance sheet; b) The income statement; c) The accounting policies and explanatory notes.

6.1.6	Consolidated financial statements If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document
6.1.7	Age of Financial Information The balance sheet of the last year of audited financial information may not be older than 18 months from the date of the registration document.
6.2	**Interim and other financial information**
6.2.1	If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half-yearly financial information has been audited or reviewed , the audit or review report must also be included. If the quarterly or half-yearly financial information is unaudited or has not been reviewed, state that fact. Interim financial information should be prepared in accordance with the requirements of the Accounting Directive or IFRS as the case may be. For issuers not subject to either the Accounting Directive or IFRS, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.
6.3	**Auditing of historical annual financial information**
6.3.1	The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with the Audit Directive and Audit Regulation. Where the Audit Directive and Audit Regulation do not apply: • the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with the auditing standards applicable in a Member State or an equivalent standard; • if audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.
6.3.2	Indication of other information in the registration document, which has been audited by the auditors.

6.3.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the information and state that the information is unaudited.
6.4	**Key Performance Indicators**
6.4.1	To the extent not disclosed elsewhere in the registration document and where an issuer has published KPIs, financial and/or operational, or chooses to include such in the registration document a description of the issuer's key performance indicators for each financial year for the period covered by the historical financial information shall be included in the registration document. KPIs must be calculated on a comparable basis. Where the KPIs have been audited by the auditors, mention that fact.
6.5	**Significant change in the issuer's financial position** A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.
7	**DOCUMENTS AVAILABLE**
	A statement that for the life of the registration document the following documents, where applicable, can be inspected: a) the up to date memorandum and articles of association of the issuer; b) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.

ITEM	ANNEX 24: EU GROWTH SHARE SECURITIES NOTE
1	**PURPOSE, PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL** *This section shall provide information on the persons who are responsible for the content of the EU Growth securities note. The purpose of this section is to provide comfort to investors on the accuracy of the information disclosed in the prospectus. In addition, this section provides information on the interests of persons involved in the offer, as well as the reasons of the offer, the use of proceeds and the expenses of the offer. Moreover, the section provides information on the legal basis of the EU Growth securities note and its approval by the competent authority.*
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.
1.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide: a) such person's name; b) business address; c) qualifications; d) material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the prospectus for the purpose of the Securities Note.
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted

	which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
1.5	A statement that: • this [securities note / prospectus] has been approved by the [insert name of NCA], as competent authority under [insert name of new Prospectus Regulation]; • the [name of NCA] only approves this [securities note / prospectus] as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation 2017/EU/1129; • such approval should not be considered as an endorsement of the quality of the securities that are the subject of this [securities note / prospectus]; • investors should make their own assessment as to the suitability of investing in the securities; and • that the [securities note / prospectus] has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.
1.6	**Interest of natural and legal persons involved in the issue/offe**r A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.
1.7	**Reasons for the offer, use of proceeds and expenses of the issue/offer** Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness. The total net proceeds and an estimate of the total expenses of the issue/offer.
1.8	**Additional information**
1.8.1	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.
1.8.2	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.

2	**WORKING CAPITAL STATEMENT AND STATEMENT OF CAPITALISATION AND INDEBTEDNESS** *The disclosure under this section is provided only by issuers of equity securities with market capitalisation above EUR 200 000 000. It provides information on the issuer's working capital requirements and its capitalisation and indebtedness.*
2.1 Equity securities by issuers with market capitalisation above EUR 200 000 000 only	**Working capital Statement** Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.
2.2 Equity securities by issuers with market capitalisation above EUR 200 000 000 only	**Capitalisation and indebtedness** A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed debt, collateralised and non-collateralised loans) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness. In the case of material changes in the capitalisation and indebtedness position of the issuer within the 90 day period, additional information shall be given through the presentation of a narrative description of such changes or through the updating of those figures.
3	**RISK FACTORS** *The purpose of this section is to describe the main risks which are specific to the securities of the issuer.*
	A description of the material risks that are specific to the securities being offered in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer or offeror taking into account their impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.

4	**DETAILS OF THE OFFER/ADMISSION** *The purpose of this section is to set out the specific information on the offer of the securities, the plan for their distribution and allotment, an indication of their pricing. Moreover, it presents information on the placing of the securities, any underwriting agreements and arrangements relating to admission to trading. It also sets out information on the persons selling the securities and dilution to existing shareholders.*
4.1	**Terms and conditions of the offer of securities to the public** (Conditions, offer statistics, expected timetable and action required to apply for the offer)
4.1.1	Conditions to which the offer is subject.
4.1.2	Total amount of the issue/offer distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, an indication of the maximum amount of securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.
4.1.3	The time period, including any possible amendments, during which the offer will be open and description of the application process.
4.1.4	An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.
4.1.5	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.
4.1.6	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).
4.1.7	An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.
4.1.8	Method and time limits for paying up the securities and for delivery of the securities.
4.1.9	A full description of the manner and date in which results of the offer are to be made public.

4.1.10	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.
4.2	**Plan of distribution and allotment**
4.2.1	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
4.2.2	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.
4.2.3	Pre-allotment Disclosure: a) the division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches; b) the conditions under which the claw-back may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches; c) the allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches; d) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups; e) whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by; f) a target minimum individual allotment if any within the retail tranche; g) the conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest; h) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.
4.3	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.

4.4	**Pricing**
4.4.1	An indication of the price at which the securities will be offered and the amount of any expenses and taxes charged to the subscriber or purchaser.
4.4.2	If the price is not known, pursuant to Article 17 of Regulation (EU) 2017/1129 indicate: a) the maximum price as far as it is available; or b) the valuation methods and criteria, and/or conditions, in accordance with which the final offer price has been or will be determined and an explanation of any valuation methods used. Where neither (a) or (b) can be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities to be offered to the public has been filed.
4.4.3	Process for the disclosure of the offer price. If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal. Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.
4.5	**Placing and Underwriting**
4.5.1	Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extend known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.
4.5.2	Name and address of any paying agents and depository agents in each country.
4.5.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the

	overall amount of the underwriting commission and of the placing commission.
4.5.4	When the underwriting agreement has been or will be reached.
4.6	**Admission to trading and dealing arrangements**
4.6.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading on an SME growth Market or an MTF, with a view to their distribution in an SME Growth Market or an MTF with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.
4.6.2	All the SME growth markets or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities to be offered tor admitted to trading are already admitted to trading.
4.6.3	If simultaneously or almost simultaneously with the creation of the securities for which admission on an SME growth Market or MTF is being sought or which are offered to the public, securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.
4.6.4	In case of an admission to trading on an SME growth market or an MTF, details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.
4.6.5	Stabilisation: in the case of an admission to trading on an SME growth market or an MTF, where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offer:
4.6.5.1.	The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time;
4.6.5.2.	The fact that stabilisation transactions aim at supporting the market price of the securities during the stabilisation period;
4.6.5.3.	The beginning and the end of the period during which stabilisation may occur;
4.6.5.4.	The identity of the stabilisation manager for each relevant jurisdiction unless this is not known at the time of publication;

4.6.5.5.	The fact that stabilisation transactions may result in a market price that is higher than would otherwise prevail; and
4.6.5.6.	The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s).
4.6.6	Over-allotment and 'green shoe' In the case of an admission to trading on an SME growth market or an MTF: a) the existence and size of any over-allotment facility and/or 'green shoe'; b) the existence period of the over-allotment facility and/or 'green shoe'; and c) any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.
4.7	**Selling securities holders**
4.7.1	Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates.
4.7.2	The number and class of securities being offered by each of the selling security holders.
4.7.3	Lock-up agreements The parties involved. Content and exceptions of the agreement. Indication of the period of the lock up.
4.8	**Dilution**
4.8.1	A comparison of participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares.
4.8.2	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience should also be presented on the basis that they do take up their entitlement (in addition to the situation in 4.8.1 where they do not).

5	**TERMS AND CONDITIONS OF THE SECURITIES** *The purpose of this section is to set out the terms and conditions of the securities and provides a detailed description of their characteristics.*
5.1	**Information concerning the securities to be offered:**
5.1.1	A description of the type and the class of the securities being offered, including the ISIN (international security identification number).
5.1.2	Legislation under which the securities have been created.
5.1.3	An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.
5.1.4	Currency of the securities issue.
5.1.5	A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights: a) Dividend rights: 1) fixed date(s) on which the entitlement arises; 2) time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates; 3) dividend restrictions and procedures for non-resident holders; 4) rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments. b) Voting rights; c) Pre-emption rights in offers for subscription of securities of the same class; d) Right to share in the issuer's profits; e) Right to share in any surplus in the event of liquidation; f) Redemption provisions; g) Conversion provisions.
5.1.6	In the case of new issues a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

5.1.7	The issue date (for non-equity securities) or in the case of new issues the expected issue date of the securities.
5.1.8	A description of any restrictions on the free transferability of the securities.
5.1.9	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.
5.1.10	If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including LEI where the offeror has legal personality.
5.1.11	• Statement on the existence of national legislation or rules on takeovers applicable to the issuer and the possibility for frustrating measures if any. • A brief description of the shareholders' rights and obligations in case of mandatory takeover bid, and/or squeeze-out or sell-out rules in relation to the securities. • An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. the price or exchange terms attaching to such offers and the outcome thereof must be stated.
5.1.12	Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU[25] .

[25] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

ITEM	ANNEX 25: EU GROWTH NON-EQUITY SECURITIES NOTE	CAT.
1	**PURPOSE, PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL** *This section shall provide information on the persons who are responsible for the content of the EU Growth securities note. The purpose of this section is to provide comfort to investors on the accuracy of the information disclosed in the prospectus. In addition, this section provides information on the interests of persons involved in the offer, as well as the reasons of the offer, the use of proceeds and the expenses of the offer. Moreover, the section provides information on the legal basis of the EU Growth securities note and its approval by the competent authority.*	
1.1	All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	A
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	A
1.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide: a) such person's name; b) business address; c) qualifications; d) material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included,	A

	with the consent of the person who has authorised the contents of that part of the prospectus for the purpose of the Securities Note.	
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	C
1.5	A statement that: • this [securities note / prospectus] has been approved by the [insert name of NCA], as competent authority under [insert name of new Prospectus Regulation]; • the [name of NCA] only approves this [securities note / prospectus] as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation 2017/EU/1129; • such approval should not be considered as an endorsement of the quality of the securities that are the subject of this [securities note / prospectus]; • investors should make their own assessment as to the suitability of investing in the securities; and • that the [securities note / prospectus] has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.	A
1.6	**Interest of natural and legal persons involved in the issue/offe**r A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.	C
1.7	**Reasons for the offer, use of proceeds and expenses of the issue/offer** Reasons for the offer to the public or for the admission to trading. Where applicable, disclosure of the estimated total expenses of the issue/offer and the estimated net amount of the proceeds. These expenses and proceeds shall be broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be	C

	sufficient to fund all the proposed uses, state the amount and sources of other funds needed.	
1.8	**Additional information**	
1.8.1	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	C
1.8.2	An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.	A
1.8.3	Credit ratings assigned to the securities at the request or with the co-operation of the issuer in the rating process. A brief explanation of the meaning of the ratings if this has previously been published by the rating provider.	C
1.8.4	Where the summary is substituted in part with the information set out in Article 8, paragraph 3, points (c) to (i) of Regulation (EU) n. 1286/2014, all such information to the extent it is not already disclosed elsewhere in the securities note	C
2	**RISK FACTORS** *The purpose of this section is to describe the main risks which are specific to the securities of the issuer.*	
2.1	A description of the material risks that are specific to the securities being offered in a limited number of categories, in a section headed 'Risk Factors'. Risks to be disclosed shall include: a) those resulting from the level of subordination of a security and the impact on the expected size or timing of payments to holders of the securities under bankruptcy, or any other similar procedure, including, where relevant, the insolvency of a credit institution or its resolution or restructuring in accordance with Directive 2014/59/EU (BRRD); and b) in cases where the securities are guaranteed, the specific and material risks related to the guarantor to the extent they are relevant to its ability to fulfil its commitment under the guarantee. In each category the most material risks, in the assessment of the issuer or offeror taking into account their impact on the issuer and the securities and the	A

	probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.	
3	**DETAILS OF THE OFFER/ADMISSION** *The purpose of this section is to set out the specific information on the offer of the securities, the plan for their distribution and allotment, an indication of their pricing. Moreover, it presents information on the placing of the securities, any underwriting agreements and arrangements relating to admission to trading. It also sets out information on the persons selling the securities and dilution to existing shareholders.*	
3.1	**Terms and conditions of the offer of securities to the public** (Conditions, offer statistics, expected timetable and action required to apply for the offer)	
3.1.1	Conditions to which the offer is subject	C
3.1.2	Total amount of the securities offered to the public. If the amount is not fixed, an indication of the maximum amount of the securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer. Where the maximum amount of securities to be offered cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase of subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.	C
3.1.3	The time period, including any possible amendments, during which the offer will be open and description of the application process.	C
3.1.4	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	C
3.1.5	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).	C
3.1.6	Method and time limits for paying up the securities and for delivery of the securities.	C
3.1.7	A full description of the manner and date in which results of the offer are to be made public.	C

3.1.8	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	C
3.2	**Plan of distribution and allotment**	
3.2.1	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.	C
3.3	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.	C
3.4	**Pricing**	
3.4.1	An indication of the expected price at which the securities will be offered; or	C
3.4.2	A description of the method of determining the price, pursuant to Article 17 of Regulation (EU) 2017/1129 and the process for its disclosure.	B
3.4.3	Indicate the amount of any expenses and taxes charged to the subscriber or purchaser. Where the issuer is subject to Regulation (EU) No 1286/2014 and/ or Directive 2014/65/EU, and to the extent that they are known, include those expenses contained in the price.	C
3.5	**Placing and Underwriting**	
3.5.1	Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extend known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.	C
3.5.2	Name and address of any paying agents and depository agents in each country.	C
3.5.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.	C

3.5.4	When the underwriting agreement has been or will be reached.	C
3.6	**Admission to trading and dealing arrangements**	
3.6.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading on an SME growth Market or an MTF, with a view to their distribution in an SME Growth Market or an MTF with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.	B
3.6.2	All the SME growth Markets or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities to be offered tor admitted to trading are already admitted to trading.	C
3.6.3	In the case of an admission to trading on an SME growth market or an MTF, details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.	C
3.6.4	The issue price of the securities	C
4	**TERMS AND CONDITIONS OF THE SECURITIES** *The purpose of this section is to set out the terms and conditions of the securities and provides a detailed description of their characteristics.*	
4.1	**Information concerning the securities to be offered**	
4.1.1	A description of the type and the class of the securities being offered, including the ISIN (international security identification number).	A C
4.1.2	Legislation under which the securities have been created.	A
4.1.3	An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form.	A
	In the latter case, name and address of the entity in charge of keeping the records.	C

4.1.4	Currency of the securities issue.	C
4.1.5	The relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of a resolution under Directive 2014/59/EU.	A
4.1.6	A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.	B
4.1.7	a) The nominal interest rate; b) Provisions relating to interest payable; c) The date from which interest becomes payable; d) The due dates for interest; e) The time limit on the validity of claims to interest and repayment of principal; Where the rate is not fixed: a) A statement setting out the type of underlying; b) A description of the underlying on which it is based; and c) Of the method used to relate the two; d) An indication where information about the past and the further performance of the underlying and its volatility can be obtained by electronic means and whether or not it can be obtained free of charge; e) A description of any market disruption or settlement disruption events that affect the underlying; f) Adjustment rules with relation to events concerning the underlying; g) Name of the calculation agent;	C B C C B A C B C B B C
	h) If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is	B

	affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.	
4.1.8	Maturity date Arrangements for the amortisation of the loan, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the issuer or of the holder, it shall be described, stipulating amortisation terms and conditions	C B
4.1.9	An indication of yield. Describe the method whereby that yield is calculated in summary form	C B
4.1.10	Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of the website where the public may have free access to the contracts relating to these forms of representation.	B
4.1.11	In the case of new issues a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.	C
4.1.12	The issue date or in the case of new issues the expected issue date of the securities.	C
4.1.13	A description of any restrictions on the free transferability of the securities.	A
4.1.14	A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.	A
4.1.15	If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including LEI where the offeror has legal personality.	C

4.1.16	Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU[26] .	
4.1.17	Information on derivative securities In case of issuance of derivatives the EU Growth prospectus shall present the information that is required in the derivative securities building block in Annex 7.	
5	**GUARANTOR INFORMATION (IF APPLICABLE)** *The purpose of this section is to provide information on the guarantor of the securities.*	
5.1	In case of a guarantee attached to the securities, the EU Growth securities note shall present the information that is required in the building block for guarantees in Annex 13.	

[26] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

ITEM	ANNEX 26: SUMMARY OF THE EU GROWTH PROSPECTUS
1	**INTRODUCTION**
1.1	Name and International Securities Identification Number (ISIN) of the securities.
1.2	Identity and contact details of the issuer, including its Legal Entity Identifier.
1.3	Identity and contact details of the competent authority that approved the prospectus and, where different, the competent authority that approved the registration document.
1.4	Date of approval of the EU Growth prospectus.
1.5	A statement that this is an EU Growth prospectus that has been drawn up pursuant to Article 15 of Regulation (EU) 2017/1129.
1.6	**Warnings** Statements by the issuer with regard to the following: • the summary should be read as an introduction to the EU Growth prospectus and that any decision to invest in the securities should be based on a consideration of the EU Growth prospectus as a whole by the investor; • where applicable, that the investor could lose all or part of the invested capital and, where the investor's liability is not limited to the amount of the investment, a warning that the investor could lose more than the invested capital and the extent of such potential loss; • where a claim relating to the information contained in an EU Growth prospectus is brought before a court, the plaintiff investor might, under the national law of the Member States, have to bear the costs of translating the EU Growth prospectus before the legal proceedings are initiated; • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the EU Growth prospectus, or where it does not provide, when read together with the other parts of the EU Growth prospectus, key information in order to aid investors when considering whether to invest in such securities;

	• where applicable, the comprehension alert required in accordance with point (b) of Article 8(3) of Regulation (EU) No 1286/2014.
2	**KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC**
2.1	**Under which conditions and timetable can I invest in this security?** Where applicable, the general terms, conditions and expected timetable of the offer, the plan for distribution, the amount and percentage of immediate dilution resulting from the offer and an estimate of the total expenses of the issue and/or offer, including estimated expenses charged to the investor by the issuer or the offeror.
2.2	**Why is this prospectus being produced?** A brief description of the reasons for the offer as well as, where applicable: • the use and estimated net amount of the proceeds; • where the offer is subject to an underwriting agreement on a firm commitment basis, stating any portion not covered; • where material conflicts of interest pertaining to the offer or the admission to trading exist and are described in the prospectus.
2.3	**Who is the offeror and/or the person asking for admission to trading?** If different from the issuer, a brief description of the offeror of the securities and/or the person asking for admission to trading on an MTF, including its domicile and legal form, the law under which it operates and its country of incorporation.
3	**KEY INFORMATION ON THE ISSUER**
3.1	**Who is the issuer of the securities?**
	Information about the issuer: • its legal form, the law under which it operates and its country of incorporation; • its principal activities; • its controlling shareholder(s), including whether it is directly or indirectly controlled; • name of the Chief Executive Officer (or equivalent).

3.2	**What is the key financial information regarding the issuer?** Key financial information presented for each financial year of the period covered by the historical financial information, and if included in the prospectus any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year. The requirement for comparative balance sheet information shall be satisfied by presenting the year-end balance sheet information. The key financial information shall include financial measures, which appear in the prospectus. These financial measures should provide information on: a) revenue, profitability, assets, capital structure and, where included in the prospectus, cash flows; and b) key performance indicators, where included in the prospectus. The key financial information shall, where applicable, include: • condensed pro forma financial information and a brief explanation of what the pro forma financial information illustrates and the material adjustments done; • a brief description of any qualifications in the audit report relating to the historical financial information.
3.3	**What are the key risks that are specific to the issuer?** A brief description of the most material risk factors specific to the issuer contained in the EU Growth prospectus.
4	**KEY INFORMATION ON THE SECURITIES**
4.1	**What are the main features of the securities?** <u>Information about the securities:</u> • their type and class; • where applicable, their currency, denomination, the number of securities issued and the term of the securities; • the rights attached to the securities; • the relative seniority of the securities in the issuer's capital structure in the event of insolvency including, where applicable, information on the level of subordination of the securities; • where applicable, the dividend or pay-out policy.

4.2	**Where will the securities be traded?** Where applicable, information as to whether the securities are or will be the subject to an application for admission to trading on an MTF or an SME Growth market, the identity of all the markets where the securities are or are to be traded and the details of the admission to trading on an MTF or an SME Growth market.
4.3	**Is there a guarantee attached to the securities?** • A brief description of the nature and scope of the guarantee; • A brief description of the guarantor, including its LEI; • The relevant key financial information for the purpose of assessing the guarantor's ability to fulfil its commitments under the guarantee; and • A brief description of the most material risk factors pertaining to the guarantor contained in the EU Growth prospectus in accordance with Article 16(3).
4.4	**What are the key risks that are specific to the securities?** A brief description of the most material risk factors specific to the securities contained in the EU Growth prospectus.

ANNEX 27: Table of combinations

[Table to be inserted]

Technical advice on scrutiny and approval of the prospectus

On the basis of the considerations set out in this Final report, ESMA provides the following technical advice in relation to the scrutiny and approval of the prospectus and the filing and review of the URD. In this area, ESMA has drafted wording for recitals in order to ensure that the operative provisions are fully explained.

Recitals

Prospectus scrutiny is a key factor in ensuring investor protection and there should be a level playing field across Member States. Criteria for scrutiny of the draft prospectus should therefore be established so that competent authorities apply harmonised standards when scrutinising draft prospectuses for the purpose of their approval.

For the purposes of investor protection, efficient allocation of resources and timely prospectus approval, information given in the draft prospectus should receive a measure of scrutiny that is proportional to the circumstances of the issuer and the issuance. As scrutiny of the information given in the draft prospectus is a qualitative process, it is not possible to establish an exhaustive list of the scrutiny criteria competent authorities should apply. In some cases it may therefore be necessary to apply criteria beyond those which are mandatory, to check that a draft prospectus meets the standards of completeness, comprehensibility and consistency. In other cases a competent authority may receive a draft prospectus replicating information that has already been reviewed or scrutinised and that therefore does not necessitate further examination; in such cases, the competent authority should be permitted, though not obliged, to adapt its scrutiny.

The process of prospectus scrutiny and approval is an iterative one, where the decision of the competent authority to approve the draft prospectus involves repeated rounds of analysis and development of the draft prospectus on the part of the issuer, offeror or person asking for admission to trading on a regulated market to ensure that the draft prospectus meets the standards of completeness, comprehensibility and consistency. In order to provide greater certainty about the approval process to issuers, offerors and persons asking for admission to trading, it is necessary to specify which documents should be provided to competent authorities at different moments in the prospectus approval cycle.

Draft prospectuses as well as accompanying information should be submitted to the competent authority in searchable electronic format and through electronic means acceptable to that authority. As a searchable electronic format allows competent authorities to search for specific terms or words in the submitted documents, it contributes to an efficient and timely scrutiny process.

With the exception of the first draft prospectus, it is imperative that each draft of the prospectus submitted to the competent authority clearly show changes made to the previously submitted draft and how issues notified by the competent authority have been addressed. Each submission of a draft prospectus to the competent authority should include

both a marked version, highlighting all changes to the previously submitted draft, and an unmarked version, where such changes are not highlighted.

Where disclosure items contained in the relevant annexes to this Regulation are not applicable or, given the nature of the issue or issuer, are not relevant in the case of a specific prospectus, those disclosure items should be identified to the competent authority in order to minimise any delays in the scrutiny process.

Except where expressly stated, references to the prospectus in this Regulation shall mean the prospectus or any of its constituent parts, including a universal registration document, whether submitted for approval or filed without prior approval, and any amendments thereto as well as supplements to the prospectus.

Article N

Criteria for scrutiny of the draft prospectus and criteria for review of the draft universal registration document and amendments thereto

1. When scrutinising or reviewing the completeness of the information given in the draft prospectus, the competent authority shall consider in particular whether the draft prospectus meets the following criteria:

    (a) The schedules and building blocks used for drawing up the draft prospectus are those required by this Regulation for the particular type of issuer and/or securities and/or offer and/or admission;

    (b) The draft prospectus addresses all applicable information requirements in accordance with Regulation (EU) 2017/1129 and with this Regulation.

    The criteria in the first subparagraph are without prejudice to any omission of information in accordance with Article 18 of Regulation (EU) 2017/1129 or Article G(4) of this Regulation.

2. When scrutinising or reviewing the comprehensibility of the information given in the draft prospectus, the competent authority shall consider whether the draft prospectus is capable of being understood, taking into consideration the nature and circumstances of the issuer, the type of securities and the type of investors targeted.

    To this end, the competent authority shall consider in particular whether the draft prospectus meets the following criteria:

    (a) The table of contents is clear and detailed;

    (b) The draft prospectus is free from unnecessary reiterations and related information is grouped together;

    (c) An easily readable font size is used;

(d) Where applicable, the summary is written in a non-technical language and where technical terms are exceptionally used, they are explained;

(e) The draft prospectus has a structure that helps investors understand its contents;

(f) The draft prospectus defines the components of mathematical formulas and, where applicable, clearly describes the product structure;

(g) The draft prospectus is written in plain language;

(h) The draft prospectus clearly describes the nature of the issuer´s operations and its principal activities;

(i) The draft prospectus explains trade or industry specific terminology.

Letters (g), (h) and (i) of the second subparagraph shall not be applied to a draft prospectus which will be used exclusively for the purpose of admission to trading on a regulated market of non-equity securities for which no summary will be required pursuant to the second subparagraph of Article 7(1) of Regulation (EU) 2017/1129.

3. When scrutinising or reviewing the consistency of the information given in the draft prospectus, the competent authority shall consider whether the draft prospectus is free of material discrepancies between the different pieces of information provided in the draft prospectus, including any information incorporated by reference.

To this end, the competent authority shall consider in particular whether the draft prospectus meets the following criteria:

(a) Any material and specific risks disclosed elsewhere in the draft prospectus are included in the risk factors section;

(b) The information contained in the summary is in line with information contained elsewhere in the draft prospectus;

(c) Any figures on the use of proceeds correspond to the amount of proceeds being raised and, where applicable, the disclosure of the use of proceeds is in line with the disclosure of the issuer's strategy;

(d) The description of the issuer in the operating and financial review, where required, the historical financial information, the description of the issuer's activity and the risk factors are in line with each other;

(e) In case a working capital statement is required, this is in line with the risk factors, the auditor's report, the use of proceeds and, where applicable, the disclosure of the issuer's strategy and how the strategy will be funded.

Article O

Proportionate approach in the scrutiny and review of draft prospectuses

1. When scrutinising or reviewing the information given in a draft prospectus in order to check that it meets the standards of completeness, comprehensibility and consistency, the competent authority may, where deemed necessary for investor protection and on a case-by-case basis, apply criteria to the information given in the draft prospectus beyond those laid down in Article N.

2. By derogation from Article N, where an issuer, offeror or person asking for admission to trading on a regulated market submits a first draft of a prospectus to the competent authority which is substantially similar to a prospectus which was already scrutinised or reviewed by that same competent authority, and the draft prospectus has been marked to highlight all changes made to the previously approved or reviewed prospectus, when scrutinising this first draft the competent authority shall only be required to apply the criteria laid down in Article N to those changes and to any information in the first draft affected by those changes.

3. By derogation from Article N, where a competent authority has reviewed a universal registration document filed without prior approval or an amendment to a universal registration document, when scrutinising the universal registration document or the amendment the competent authority shall only be required to apply the criteria laid down in Article N to the parts of the universal registration document or the amendment which have not been reviewed.

4. By derogation from Article N, where an issuer, offeror or person asking for admission to trading on a regulated market submits a first draft of a prospectus to the competent authority which incorporates information by reference from a document which has been approved in accordance with Regulation (EU) 2017/1129 or Directive 2003/71/EC, when scrutinising this information the competent authority shall only be required to apply the provisions in Article N(3).

5. When making use of the derogations laid down in paragraphs (2), (3) and (4), the competent authority shall request the issuer, offeror or person asking for admission to trading on a regulated market to confirm that the information in the final draft of the prospectus is still up-to-date and complies with the date requirements set out in the applicable annexes of this Regulation.

6. By derogation from Article N, where the issuer, offeror or person asking for admission to trading on a regulated market submits subsequent drafts of the prospectus, when scrutinising such subsequent drafts the competent authority shall only be required to apply the criteria laid down in Article N to changes made to the preceding draft of the prospectus and to any information in the draft prospectus affected by those changes.

Article P

Submission of an application for approval of a draft prospectus or filing of a universal registration document and amendments to a universal registration document

1. The issuer, offeror or person asking for admission to trading on a regulated market shall submit all drafts of the prospectus in searchable electronic format via electronic means to the competent authority. A contact point to which the competent authority can submit all notifications in writing, via electronic means, shall be specified at the time the first draft of the prospectus is submitted.

2. The issuer, offeror or person asking for admission to trading on a regulated market shall also submit in searchable electronic format via electronic means to the competent authority:

    (a) where required by the competent authority in accordance with Article D(5) of this Regulation or on their own initiative, a cross reference list which shall also identify any items from the annexes to this Regulation that have not been included in the draft prospectus because, due to the nature of the issuer, offeror or person asking for admission to trading on a regulated market or the securities being offered to the public or admitted to trading, they were not applicable.

    Where the cross reference list is not submitted, and where the order of the items in the draft prospectus does not coincide with the order of the information provided for in the annexes to this Regulation, the draft prospectus shall be annotated in the margin to identify which sections of the draft prospectus correspond to the relevant disclosure requirements. A draft prospectus which is annotated in the margin shall be accompanied by a document identifying any items contained in the relevant annexes to this Regulation that have not been included in the draft prospectus because they were not applicable, due to the nature of the issuer, offeror or person asking for admission to trading on a regulated market or the securities being offered to the public or admitted to trading. Where a universal registration document filed without prior approval is annotated in the margin, it shall be accompanied by an identical version which is not annotated in the margin;

    (b) where the issuer, offeror or person asking for admission to trading on a regulated market is requesting that the competent authority authorise the omission of information from the prospectus, a reasoned request to that effect;

    (c) where the issuer, offeror or person asking for admission to trading on a regulated market requests the notification of the prospectus pursuant to Article 25 or 26 of Regulation (EU) 2017/1129, upon approval of the prospectus, a request to this effect;

(d) where the issuer submits for approval on a stand-alone basis a draft registration document and intends to request the notification of this registration document pursuant to Article 26 of Regulation (EU) 2017/1129, an appendix setting out the key information on the issuer as required by Article 26(4) of that Regulation. This requirement shall not apply if the notification is envisaged exclusively for the purpose of admission to trading on a regulated market of non-equity securities for which no summary will be required pursuant to the second subparagraph of Article 7(1) of Regulation (EU) 2017/1129;

(e) where the issuer submits for approval on a stand-alone basis a draft universal registration document, or requests the approval of a universal registration document which was filed without prior approval, and the issuer intends to request the notification of this universal registration document pursuant to Article 26 of Regulation (EU) 2017/1129, an appendix setting out the key information on the issuer as required by Article 26(4) of that Regulation. This requirement shall not apply if the notification is envisaged exclusively for the purpose of admission to trading on a regulated market of non-equity securities for which no summary will be required pursuant to the second subparagraph of Article 7(1) of Regulation (EU) 2017/1129;

(f) any information which is incorporated by reference into the prospectus, unless such information has already been approved by or filed with the same competent authority in searchable electronic format;

(g) where the issuer is submitting for approval a draft universal registration document or filing a universal registration document without prior approval, and the issuer wishes to obtain the status of frequent issuer, confirmation that, to the best of its knowledge, all regulated information which it was required to disclose under Directive 2004/109/EC, if applicable, and under Regulation (EU) No 596/2014 has been filed and published in accordance with those acts over the last 18 months or over the period since the obligation to disclose regulated information commenced, whichever is the shorter;

(h) where a universal registration document is filed without prior approval and fulfils a request for amendment or supplementary information that was previously made by the competent authority in the context of a review pursuant to the second subparagraph of Article 9(9) of Regulation (EU) 2017/1129, an explanation as to how such request has been taken into account in the document;

(i) any other information considered necessary, on reasonable grounds, for the scrutiny, review or approval by the competent authority and expressly required by the competent authority for that purpose.

In the case of a universal registration document filed without prior approval and in the case of an amendment, the information mentioned in letters (a), (b), (f), (g) and (h) of the first subparagraph shall be submitted when the universal registration document or the amendment is filed with the competent authority whereas information mentioned in letter (i) shall be submitted during the review process. In all other cases, the information mentioned in the first subparagraph shall be submitted along with the first draft of the prospectus submitted to the competent authority or during the scrutiny process.

3. Where a frequent issuer, in accordance with Article 20(6) of Regulation (EU) 2017/1129, informs the competent authority that it intends to submit an application for approval of a draft prospectus, it shall do so in writing via electronic means and it shall state which of the disclosure annexes contained in this Regulation the securities note will be based on.

4. Under Article 9(2), second subparagraph of Regulation (EU) 2017/1129, an issuer shall be considered to have had a draft universal registration document approved for two consecutive financial years where a universal registration document is approved in relation to two successive annual reporting periods. The timing of the approval by the competent authority shall not be determinative.

Article Q

Changes to a draft prospectus during the approval process

1. With the exception of a universal registration document which is filed without prior approval, following submission of the first draft of the prospectus to the competent authority, where the issuer, offeror or person asking for admission to trading on a regulated market submits subsequent drafts of the prospectus, each subsequent draft shall be marked to highlight all changes made to the preceding unmarked draft of the prospectus as submitted to the competent authority. Where only limited changes are made, marked extracts of the draft prospectus, showing all changes from the preceding draft, shall be considered acceptable. An unmarked draft of the prospectus shall always be submitted along with the draft highlighting all changes.

   Where the issuer, offeror or person asking for admission to trading on a regulated market is unable to comply with the requirement set out in the first subparagraph due to technical difficulties related to the marking of the draft prospectus, each change made to the preceding draft of the prospectus shall be identified to the competent authority in writing.

2. Where the competent authority has, in accordance with Article S of this Regulation, notified the issuer, offeror or person asking for admission to trading on a regulated market that it considers that the draft prospectus does not meet the standards of completeness, comprehensibility and consistency necessary for its approval and/or that changes or supplementary information are needed, the subsequently submitted

draft of the prospectus shall be accompanied by an explanation as to how the outstanding issues notified by the competent authority have been addressed.

3. Where changes made to a previously submitted draft prospectus are self–explanatory or clearly address the outstanding issues notified by the competent authority, an indication of where the changes have been made to address the outstanding issues shall be considered sufficient.

Article R

Final submission of a draft prospectus for approval

1. With the exception of the information mentioned in Article P(2)(a) and P(2)(g), if applicable, submission for approval of the final draft of the prospectus shall be accompanied by any information mentioned in Article P(2) which has changed since a previous submission. The final draft of the prospectus shall not be annotated in the margin.

2. With the exception of the information mentioned in Article P(2)(g), where no changes have been made to the previously submitted information mentioned in Article P(2), the issuer, offeror or person asking for admission to trading on a regulated market shall confirm in writing that no changes have been made to the previously submitted information.

Article S

Receipt and processing of the application for approval of a draft prospectus and of the filing of a universal registration document and amendments to a universal registration document

1. The competent authority shall acknowledge receipt of the initial application for approval of a draft prospectus, or of the filing of a universal registration document without prior approval or of an amendment to a universal registration document, in writing via electronic means as soon as possible and no later than by close of business on the second working day following the receipt. The acknowledgement shall inform the issuer, offeror or person asking for admission to trading on a regulated market of any reference number of the application for approval or of the filing and of the contact point within the competent authority to which queries regarding the application or the filing may be addressed.

   In the case of an application for approval, the date of acknowledgement shall not affect the date of submission of the draft prospectus, within the meaning of Article 20(2) of Regulation (EU) 2017/1129, from which the time limits for notifications commence.

2. Where, upon scrutiny of the draft prospectus, the competent authority informs the issuer, offeror or person asking for admission to trading on a regulated market that the draft prospectus does not meet the standards of completeness, comprehensibility and

consistency necessary for its approval and/or that changes or supplementary information are needed, it shall do so in writing via electronic means.

Where, upon review of the universal registration document filed without prior approval or of amendments to a universal registration document, the competent authority informs the issuer that the document does not meet the standards of completeness, comprehensibility and consistency and/or that amendments or supplementary information are needed, it shall do so in writing via electronic means. If the shortcoming must be addressed without undue delay, in accordance with Article 9(9), third subparagraph of Regulation (EU) 2017/1129, the competent authority shall state this.

3. Where the competent authority considers the outstanding issues to be of a minor nature or timing to be of utmost importance, the competent authority may notify the issuer, offeror or person asking for admission to trading orally, in which case there shall be no interruption of the time limits for approval of the draft prospectus as referred to in Article 20(4) of Regulation (EU) 2017/1129.

4. The competent authority shall notify the issuer, offeror or person asking for admission to trading on a regulated market of its decision regarding the approval of the draft prospectus in writing, via electronic means, on the day of the decision.

Annex VI: List of schedules and building blocks

Annex 1	Share registration document
Annex 2	Share securities note
Annex 3	Retail debt and derivatives registration document
Annex 4	Wholesale debt and derivatives registration document
Annex 5	Retail debt and derivatives securities note
Annex 6	Wholesale debt and derivatives securities note
Annex 7	Derivative securities building block
Annex 8	Building block on the underlying share
Annex 9	Third countries and their regional and local authorities registration document
Annex 10	Asset-backed securities registration document
Annex 11	Asset-backed securities additional building block
Annex 12	Pro forma information building block
Annex 13	Guarantees building block
Annex 14	Depository receipts issued over shares
Annex 15	Collective investment undertakings of the closed-end type registration document
Annex 16	List of specialist issuers

Annex 17	Universal registration document
Annex 18	Registration document for secondary issuances
Annex 19	Secondary issuance securities note
Annex 20	Additional information regarding consent as referred to in article B20 building block
Annex 21	List of additional information in final terms
Annex 22	EU Growth share registration document
Annex 23	EU Growth non-equity registration document
Annex 24	EU Growth share securities note
Annex 25	EU Growth non-equity securities note
Annex 26	Summary of the EU Growth prospectus
Annex 27	Table of combinations