








Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2022/0411(COD)</p>	Awaiting Council's 1st reading position
<p>Making public capital markets in the Union more attractive for companies and facilitating access to capital for small and medium-sized enterprises</p> <p>Amending Regulation 2014/596 2011/0295(COD) Amending Regulation 2014/600 2011/0296(COD) Amending Regulation 2017/1129 2015/0268(COD)</p> <p>Subject</p> <p>2.50 Free movement of capital 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 3.45.02 Small and medium-sized enterprises (SME), craft industries</p> <p>Legislative priorities</p> <p>Joint Declaration 2023-24 Joint Declaration 2022</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<p>ECON Economic and Monetary Affairs</p>	<p> SANT Alfred</p> <p>Shadow rapporteur</p> <p> VAIDERE Inese</p> <p> POPTCHEVA Eva Maria</p> <p> GRUFFAT Claude</p> <p> VAN OVERTVELDT Johan</p> <p> GRANT Valentino</p> <p> PAPADIMOULIS Dimitrios</p>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<p>ITRE Industry, Research and Energy (Associated committee)</p> <p>JURI Legal Affairs</p>	<p>The committee decided not to give an opinion.</p> <p>The committee decided not to give an opinion.</p>	

Key events

07/12/2022	Legislative proposal published	COM(2022)0762	Summary
01/02/2023	Committee referral announced in Parliament, 1st reading		
15/06/2023	Referral to associated committees announced in Parliament		
24/10/2023	Vote in committee, 1st reading		
24/10/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
26/10/2023	Committee report tabled for plenary, 1st reading	A9-0302/2023	Summary
08/11/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
09/11/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
22/02/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE759.040 GEDA/A/(2024)000992	
22/02/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE759.040 PE759.041	
24/04/2024	Results of vote in Parliament		
24/04/2024	Decision by Parliament, 1st reading	T9-0350/2024	Summary

Technical information

Procedure reference	2022/0411(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2014/596 2011/0295(COD) Amending Regulation 2014/600 2011/0296(COD) Amending Regulation 2017/1129 2015/0268(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 114; Rules of Procedure EP 57_o
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee

Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	ECON/9/10909

Documentation gateway					
Legislative proposal		COM(2022)0762	07/12/2022	EC	Summary
Economic and Social Committee: opinion, report		CES5409/2022	22/03/2023	ESC	
Committee draft report		PE749.153	14/06/2023	EP	
Amendments tabled in committee		PE751.714	12/07/2023	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0302/2023	26/10/2023	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2024)000992	14/02/2024	CSL	
Text agreed during interinstitutional negotiations		PE759.040	14/02/2024	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0350/2024	24/04/2024	EP	Summary
Commission response to text adopted in plenary		SP(2024)394	08/08/2024	EC	

Additional information		
Research document	Briefing	12/12/2023

Making public capital markets in the Union more attractive for companies and facilitating access to capital for small and medium-sized enterprises

PURPOSE: to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises (SMEs).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: a company's decision to list is a complex one and is influenced by a multitude of factors, many of which are outside the reach of regulators and therefore cannot be addressed directly by a legislative intervention. For instance, the features of the ecosystem that determine the cost of listing services, and more broadly geopolitical instability, Brexit, Covid-19, and inflation, have all had (and will continue to have) an impact on the decision to list, on the timing of listing, and on whether to remain listed in the EU. Regulatory requirements and the associated costs and burden, however, are also an important factor in a company's decision to list and remain listed.

The Listing Act package represents a targeted set of measures aiming to reduce the regulatory burden where it is considered to be excessive and to increase the flexibility accorded under company law to a company's founder(s) or controlling shareholder(s) to choose how to distribute voting rights after the admission to trading of shares.

The regulatory framework applying to the listing process is multifaceted. Companies must comply with regulatory requirements before, during and after the initial public offering (IPO). This proposal addresses regulatory burden at the IPO stage by introducing targeted amendments to Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation) and it addresses regulatory burden at the post-IPO stage by introducing targeted amendments to Regulation No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation or MAR). It also contains limited technical amendments to Regulation No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation or MiFIR).

CONTENT: the overall objective of this initiative is to introduce technical adjustments to the EU rulebook in order to reduce regulatory and compliance costs for companies seeking to list or already listed with a view to streamlining the listing process and enhancing legal clarity, while ensuring an appropriate level of investor protection and market integrity. This, in turn, is expected to help diversify funding sources for companies in the EU and increase investments, economic growth, job creation and innovation in the EU.

The proposed measures aim to:

- reduce the regulatory burden on companies that seek a first-time listing and on companies that are already listed;
- revise the Prospectus Regulation to make it easier and cheaper for issuers to draw up a prospectus, while enabling investors to make the right investment decision by providing comprehensible, easy to analyse and concise information;

- remove the requirement to publish a supplement for updating annual or interim financial information incorporated by reference in a base prospectus which will be particularly useful with respect to non-equity transactions and programmes;
- introduce significant simplifications to, or even exemptions from, the prospectus requirements in cases where the issuer is already known to investors and a lot of information is already publicly available (follow-on issuances);
- aligns the level of disclosure of the standard prospectus to the level of disclosure currently required under the EU Growth prospectus regime, introduces a fixed order of disclosure and makes incorporation by reference a legal requirement;
- introduce the possibility for issuers to draw up the prospectus in English only as the language customary in the sphere of international finance and to publish it in an electronic format only;
- make it easier for SMEs to raise funds on public markets, in particular on SME growth markets, by generating further cost savings for SMEs and better tailoring disclosure to the needs of investors;
- foster cross-border offers by harmonising and increasing to EUR 12 million the threshold for exempting small offers of securities to the public from the obligation to publish a prospectus;
- simplify the MAR disclosure regime to reduce legal uncertainty on what constitutes inside information for the purpose of disclosure as well as on the timing of disclosure;
- introduce a possibility for ESMA to establish collaboration platforms, in particular for the purpose of monitoring wholesale commodity markets, to address concerns about market integrity and the good functioning of financial and, in particular, spot markets;
- make the sanctioning regime for MAR disclosure-related infringements more proportionate for SMEs to avoid discouraging smaller issuers from listing or remaining listed;
- build the necessary conditions for structural improvements in EU public capital markets to occur over time. A more favourable regulatory regime would encourage the development of a more favourable ecosystem, contributing in a multi-faceted manner to the CMU objective of improving access to financing by companies.

Making public capital markets in the Union more attractive for companies and facilitating access to capital for small and medium-sized enterprises

The Committee on Economic and Monetary Affairs adopted the report by Alfred SANT (S&D, MT) on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2017/1129, (EU) No 596/2014 and (EU) No 600/2014 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Obligation to publish a prospectus and exemption

Having a wide range of exemption thresholds across Member States is not ideal in the context of cross-border activity and the development of the capital markets union. However, in order to adapt to the different national stock market conditions within the Union, Member States should be able to exempt offers of securities to the public from the obligation to publish a prospectus where the total aggregated consideration in the Union for the securities offered is less than EUR 5 000 000 per issuer or offeror, calculated over a period of 12 months, up to a threshold of EUR 12 000 000. Member States should also notify the Commission and ESMA where they subsequently decide to adopt instead the exemption threshold of EUR 12 000 000.

ESMAs increased role

Members considered that ESMA should take an increasingly leading role in the establishment of guidelines and regulatory technical standards in order to achieve flexibility and responsiveness to market outcomes, while continuing to guarantee investor protection.

Therefore, the report stated that ESMA should:

- develop guidelines on comprehensibility and on the use of plain language in prospectuses to ensure that the information provided therein is concise, clear and user friendly;
- develop draft regulatory technical standards to establish a non-exhaustive list of the situations where delays in the disclosure of inside information are likely to mislead the public;
- develop draft implementing technical standards to specify the template and layout of prospectuses, including the font size, and style requirements.

EU Growth prospectus

The information contained in the EU Growth prospectus should be written and presented in an easily analysable, concise and comprehensible form and shall enable investors in particular retail investors, to make an informed investment decision. By 12 months from the date of entry into force of this amending Regulation, the Commission should adopt delegated acts to supplement this Regulation by specifying the reduced content and the standardised format and sequence for the EU Growth prospectus, as well as the reduced content and the standardised format of the specific summary.

Making public capital markets in the Union more attractive for companies and facilitating access to capital for small and medium-sized enterprises

The European Parliament adopted by 533 votes to 31, with 28 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2017/1129, (EU) No 596/2014 and (EU) No 600/2014 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises.

The European Parliaments position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Obligation to publish a prospectus and exemptions

Securities should only be offered to the public in the Union after prior publication of a prospectus in accordance with Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

An offer of securities to the public should be exempted from the obligation to publish a prospectus provided that the total aggregated consideration in the Union for the securities offered is less than EUR 12 000 000 per issuer or offeror calculated over a period of 12 months.

By way of derogation, Member States may exempt an offer of securities to the public from the obligation to publish a prospectus provided that the total aggregated consideration in the Union for the securities offered is less than EUR 5 000 000 per issuer or offeror calculated over a period of 12 months.

Member States should notify the Commission and ESMA where they decide to apply the exemption threshold of EUR 5 000 000. Member States should also notify the Commission and ESMA where they subsequently decide to adopt instead the exemption threshold of EUR 12 000 000.

The prospectus should be a document of a standardised format and the information disclosed in it should be written and presented in an easily analysable, concise and comprehensible form.

A prospectus that relates to shares should be of a maximum length of 300 sides of A4-sized paper when printed and should be presented and laid out in a way that is easy to read, using characters of readable size.

EU Follow-on prospectus

The following persons may draw up an EU Follow-on prospectus in the case of an offer of securities to the public or of an admission to trading of securities on a regulated market:

- issuers whose securities have been admitted to trading on a regulated market continuously for at least the 18 months preceding the offer to the public or the admission to trading on a regulated market of the new securities;
- issuers whose securities have been admitted to trading on an SME growth market continuously for at least the 18 months preceding the offer to the public of the new securities;
- issuers who seek admission to trading on a regulated market of securities fungible with securities that have been admitted to trading on an SME growth market continuously for at least the last 18 months preceding the admission to trading of the securities.

The information contained in the EU Follow-on prospectus should be written and presented in an easily analysable, concise and comprehensible form and should enable investors to make an informed investment decision.

An EU Follow-on prospectus that relates to shares should be of a maximum length of 50 sides of A4-sized paper when printed and should be presented and laid out in a way that is easy to read, using characters of readable size.

EU Growth issuance prospectus

SMEs, issuers, other than SMEs, whose securities are, or are to be, admitted to trading on an SME growth market may draw up an EU Growth issuance prospectus in the case of an offer of securities to the public, provided that they have no securities admitted to trading on a regulated market.

An EU Growth issuance prospectus that relates to shares should be of a maximum length of 75 sides of A4-sized paper when printed and should be presented and laid out in a way that is easy to read, using characters of readable size.

The Commission should, by 15 months from the date of entry into force of this amending Regulation, adopt delegated acts to supplement this Regulation by specifying the reduced content and the standardised format and sequence for the EU Follow-on prospectus.

Examination and approval of the prospectus

Where the competent authority fails to take a decision on the prospectus within the time limits, it should notify the issuer, the offeror or the person asking for admission to trading on a regulated market, and ESMA, of the reasons for failing to take a decision. Such failure should not be deemed to constitute approval of the application.

Greater role for the European Securities and Markets Authority (ESMA)

ESMA should play an increasingly important role in establishing guidelines and regulatory technical standards to ensure flexibility and responsiveness to market outcomes, while continuing to guarantee investor protection.

Consequently, the amended text states that ESMA should:

- develop guidelines on comprehensibility and plain language in prospectuses to ensure that the information provided is concise, clear and user-friendly;
- develop draft implementing technical standards to specify the format and layout of prospectuses, including font size and style requirements, depending on the type of prospectus and the type of investors targeted. ESMA should submit these draft implementing technical standards to the Commission no later than twelve months from the date of entry into force of this amending regulation.

Report

The Commission should present a report to the European Parliament and the Council no later than 31 December 2025, analysing the issue of liability for information provided in a prospectus, assessing whether further harmonisation of prospectus liability in the EU could be warranted and, if appropriate, proposing amendments to the liability provisions.

Transitional provisions

Prospectuses approved up to eighteen months less one day from the date of entry into force of this amending Regulation should continue to be governed, until the end of their validity, by the version of this Regulation in force on the day of their approval.

Transparency				
SANT Alfred	Rapporteur	ECON	17/01/2024	European Commission cabinet of Financial services, financial stability and Capital Markets Union
SANT Alfred	Rapporteur	ECON	10/01/2024	AmCham EU
SANT Alfred	Rapporteur	ECON	08/11/2023	The Goldman Sachs Group, Inc.
SANT Alfred	Rapporteur	ECON	23/08/2023	Malta Stock Exchange
SANT Alfred	Rapporteur	ECON	18/07/2023	Banking & Payments Federation Ireland
SANT Alfred	Rapporteur	ECON	18/07/2023	Confederation of Finnish Industries EK
POPTCHEVA Eva Maria	Shadow rapporteur	ECON	05/07/2023	EuropeanIssuers
SANT Alfred	Rapporteur	ECON	29/06/2023	Association Française de la Gestion financière
SANT Alfred	Rapporteur	ECON	28/06/2023	Federation of European Securities Exchanges
SANT Alfred	Rapporteur	ECON	27/06/2023	The National Securities Market Commission
KELLEHER Billy	Member	01/09/2023	Banking & Payments Federation Ireland	