

# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation <a href="#">2020/0155(COD)</a></p>	Awaiting committee decision
<p>EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic</p> <p>Amending Regulation 2017/1129 <a href="#">2015/0268(COD)</a></p> <p>Subject 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.08 Financial services, financial reporting and auditing 4.60.06 Consumers' economic and legal interests</p> <p>Legislative priorities <a href="#">The EU's response to the Covid-19 pandemic</a></p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 <a href="#">Economic and Monetary Affairs</a>		
Council of the European Union European Economic and Social Committee	Committee for opinion	Rapporteur for opinion	Appointed
	 <a href="#">Internal Market and Consumer Protection</a>		02/09/2020
		 <a href="#">JORON Virginie</a>	

Key events			
24/07/2020	Legislative proposal published	<a href="#">COM(2020)0281</a>	Summary
14/09/2020	Committee referral announced in Parliament, 1st reading/single reading		

Technical information	
Procedure reference	2020/0155(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2017/1129 <a href="#">2015/0268(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 114
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Awaiting committee decision
Committee dossier	ECON/9/03672

Documentation gateway					
Legislative proposal		<a href="#">COM(2020)0281</a>	24/07/2020	EC	Summary
Document attached to the procedure		SWD(2020)0120	27/07/2020	EC	

## 2020/0155(COD) - 24/07/2020 Legislative proposal

**PURPOSE:** to create a new simplified prospectus (the EU Recovery Prospectus) and to introduce targeted changes for financial intermediaries to support recovery from the COVID-19 pandemic.

**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:** [Regulation \(EU\) 2017/1129](#) of the European Parliament and of the Council lays down the requirements for the drawing up, approval and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market in the Union.

In order to swiftly address the serious economic impact of the COVID-19 pandemic, measures shall be introduced to facilitate investment in the real economy, to promote rapid recapitalisation of companies in the EU and enable issuers to tap into public stock markets at an early stage of the recovery process. To achieve these objectives, the Commission proposes to create a new simplified prospectus for known issuers, designed to facilitate the raising of capital on stock markets.

This legislative proposal on amendments to the Prospectus Regulation is part of a Capital Markets Stimulus Package aimed at facilitating economic recovery post-COVID-19, which also includes legislative proposals to amend the [Markets in Financial Instruments Directive](#) (MiFID II) and the [Capital Requirements Regulation](#).

**CONTENT:** the amendments to the Prospectus Regulation aim to create the EU recovery prospectus as a short form prospectus and to introduce targeted amendments for financial intermediaries. The aim is to enable companies to quickly access new financing in order to contribute to economic recovery after the COVID-19 pandemic. In particular, the aim is to help companies raise capital more easily and, therefore, reduce their debt-to-equity ratios, thereby helping them stay solvent.

### EU Recovery prospectus

The objective of the EU Recovery prospectus is to provide listed issuers with simplified disclosure rules that are tailored to their specific needs in a post-crisis environment while maintaining the prospectus as a relevant tool for informing potential investors.

This shortened prospectus, reduced to a maximum of 30 pages:

- shall be easy to produce for issuers, easy to read for investors and easy to scrutinise for national competent authorities;
- shall focus on the essential information investors need to make informed decisions and may be used by issuers who have been listed for at least 18 months and who wish to issue shares;
- shall benefit from the EU passport mechanism, which means that all EU investors who wish to do so all be able to finance companies using it.

The deadline for approving the EU's recovery prospectus shall be reduced to 5 working days to allow issuers to quickly seize opportunities to raise capital.

### Financial intermediaries

A second set of targeted changes aims to alleviate the pressure on financial intermediaries (such as commercial and investment banks) which play a key role in financing the recovery of the real economy.

- Firstly, the proposal clarifies the obligations of financial intermediaries with regard to the supplements that must be published in addition to the prospectus under certain conditions, when a new factor or a material mistake or inaccuracy in the information contained in the prospectus is identified.

After the publication of a supplement, the financial intermediary shall only contact investors with a withdrawal right. The proposal also extends the time limit for financial intermediaries to contact investors to 1 working day from the publication of the supplement and extends the period during which a right of withdrawal may be exercised by investors to 3 working days from the publication of the supplement.

- Secondly, the proposed amendments aim to support the financing of credit institutions in the takeover phase by increasing the threshold for the exemption from the obligation to publish a prospectus for certain types of securities offers. The Commission therefore proposes a targeted increase of the threshold from EUR 75 million to EUR 150 million per credit institution over a 12-month period.

### Temporary scheme

The EU Recovery prospectus aims to facilitate recapitalisation during the recovery phase. It is therefore a temporary scheme that would expire 18 months after the date of application of the Regulation. The Commission shall, by 21 July 2022 at the latest, present a report on the application of the Regulation, accompanied, if appropriate, by a legislative proposal.