

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2022/0411(COD)</p> <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>Preparatory phase in Parliament</p>

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		
	Committee for opinion	Rapporteur for opinion	Appointed
	ITRE Industry, Research and Energy		
	JURI Legal Affairs		
Council of the European Union European Economic and Social Committee			

Key events			
07/12/2022	Legislative proposal published	COM(2022)0762	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
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Preparatory phase in Parliament

Documentation gateway					
Legislative proposal		COM(2022)0762	07/12/2022	EC	Summary

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.