

Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (Text with EEA relevance)

DIRECTIVE 2010/73/EU OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL

of 24 November 2010

amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50 and 114 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Economic and Social Committee<sup>(1)</sup>,

Having regard to the opinion of the European Central Bank<sup>(2)</sup>,

Acting in accordance with the ordinary legislative procedure<sup>(3)</sup>,

Whereas:

- (1) The European Council agreed, at its meeting on 8 and 9 March 2007, that administrative burdens on companies should be reduced by 25 % by the year 2012 in order to enhance the competitiveness of companies in the Union.
- (2) Some of the obligations provided for in Directive 2003/71/EC of the European Parliament and of the Council<sup>(4)</sup> have been identified by the Commission as appearing to be excessively burdensome on companies.
- (3) Those obligations need to be reviewed in order to reduce the burdens weighing on companies within the Union to the necessary minimum without compromising the protection of investors and the proper functioning of the securities markets in the Union.
- (4) Directive 2003/71/EC requires the Commission to make an assessment of the application of that Directive 5 years after the date of its entry into force and to present, where appropriate, proposals for its review. That assessment has revealed that certain elements of Directive 2003/71/EC should be amended in order to simplify and improve

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its application, increase its efficiency and enhance the international competitiveness of the Union, thereby contributing to the reduction of administrative burdens.

- (5) Following the conclusions of the report of the High-Level Group on Financial Supervision in the EU (the ‘de Larosière report’), the Commission put forward concrete legislative proposals on 23 September 2009 in order to establish a European System of Financial Supervisors comprising a network of national financial supervisors working in tandem with new European supervisory authorities. One of those new authorities, the European Supervisory Authority (European Securities and Markets Authority), is to replace the Committee of European Securities Regulators.
- (6) The way limits of maximum offering amounts are calculated in Directive 2003/71/EC should be clarified for reasons of legal certainty and efficiency. The total consideration for certain offers referred to in that Directive should be computed on a Union-wide basis.
- (7) For the purposes of private placements of securities, investment firms and credit institutions should be entitled to treat as qualified investors those persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments<sup>(5)</sup> and other persons or entities that are treated as professional clients, or that are recognised eligible counterparties in accordance with Directive 2004/39/EC. Investment firms authorised to continue considering existing professional clients as such in accordance with Article 71(6) of Directive 2004/39/EC should be authorised to treat those clients as qualified investors under this Directive. Such an alignment of the relevant provisions of Directives 2003/71/EC and 2004/39/EC is likely to reduce complexity and costs for investment firms in the event of private placements because the firms would be able to define the persons or entities to whom the placement is to be addressed relying on their own list of professional clients and eligible counterparties. The issuer should be able to rely on the list of professional clients and eligible counterparties that has been drawn up in accordance with Annex II to Directive 2004/39/EC. The definition of qualified investors in Directive 2003/71/EC should therefore be widened to include those persons or entities and no separate regime for registers should be maintained.
- (8) Ensuring the correct and full application of Union law is a core prerequisite for the integrity, efficiency and orderly functioning of financial markets. It is expected that the establishment of the European Supervisory Authority (European Securities and Markets Authority) will contribute to that goal by issuing a single rulebook and by fostering a more convergent approach regarding the scrutiny and approval of prospectuses. The Commission should undertake a review of Article 2(1)(m)(ii) of Directive 2003/71/EC in relation to the limitation on the determination of the home Member State for issues of non-equity securities with a denomination below EUR 1 000. Following that review, it should consider whether the provision should be maintained or revoked.
- (9) The threshold of EUR 50 000 in Article 3(2)(c) and (d) of Directive 2003/71/EC no longer reflects the distinction between retail investors and professional investors in terms of investor capacity, since it appears that even retail investors have recently made investments of more than EUR 50 000 in a single transaction. For that

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reason it is appropriate to increase the said threshold and amend other provisions in which that threshold is mentioned accordingly. Corresponding adjustments should be made in Directive 2004/109/EC of the European Parliament and of the Council<sup>(6)</sup>. Following those adjustments and taking into consideration the outstanding period of debt securities, there should be a grandfathering provision in relation to Article 8(1)(b), Article 18(3) and Article 20(6) of Directive 2004/109/EC in respect of debt securities with a denomination per unit of at least EUR 50 000, which have already been admitted to trading on a regulated market in the Union prior to the entry into force of this Directive.

- (10) A valid prospectus, drawn up by the issuer or the person responsible for drawing up the prospectus and available to the public at the time of the final placement of securities through financial intermediaries or in any subsequent resale of securities, provides sufficient information for investors to make informed investment decisions. Therefore, financial intermediaries placing or subsequently reselling the securities should be entitled to rely upon the initial prospectus published by the issuer or the person responsible for drawing up the prospectus as long as this is valid and duly supplemented in accordance with Articles 9 and 16 of Directive 2003/71/EC and the issuer or the person responsible for drawing up the prospectus consents to its use. The issuer or the person responsible for drawing up the prospectus should be able to attach conditions to his or her consent. The consent, including any conditions attached thereto, should be given in a written agreement between the parties involved enabling assessment by relevant parties of whether the resale or final placement of securities complies with the agreement. In the event that consent to use the prospectus has been given, the issuer or person responsible for drawing up the initial prospectus should be liable for the information stated therein and in case of a base prospectus, for providing and filing final terms and no other prospectus should be required. However, in case the issuer or the person responsible for drawing up such initial prospectus does not consent to its use, the financial intermediary should be required to publish a new prospectus. In that case, the financial intermediary should be liable for the information in the prospectus, including all information incorporated by reference and, in case of a base prospectus, final terms.
- (11) In order to allow for the efficient application of Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse)<sup>(7)</sup>, Directive 2003/71/EC and Directive 2004/109/EC and to clarify underlying problems of differentiation and overlaps, the Commission should put forward a definition for each of the terms ‘primary market’, ‘secondary market’ and ‘public offer’.
- (12) Liability regimes in the Member States are significantly different due to national competence in civil law. In order to identify and monitor the arrangements in the Member States, the Commission should establish a comparative table of Member States’ regimes.
- (13) Article 4(1)(d) of Directive 2003/71/EC provides that the obligation to publish a prospectus does not apply to shares offered, allotted or to be allotted free of charge to existing shareholders. Under Article 3(2)(e) of that Directive an offer with a total

consideration of less than EUR 100 000 is entirely exempt from the requirement to publish a prospectus. The exemption in Article 4(1)(d) is therefore redundant, since an offer that is free of charge falls within the scope of Article 3(2)(e).

- (14) The current exemptions for securities offered, allotted or to be allotted to existing or former employees or directors are too restrictive to be useful to a significant number of employers operating share schemes for employees in the Union. Participation of employees in the Union is particularly important for small and medium-sized enterprises (SMEs), in which individual employees are likely to have a significant role in the success of the company. Therefore, there should be no requirement to produce a prospectus for offers made in the context of an employee-share scheme by any Union company. Where the securities are not admitted to trading, the issuer is not subject to appropriate ongoing disclosure requirements and rules on market abuse. Therefore, employers or their affiliated undertakings should update the document referred to in Article 4(1)(e) of Directive 2003/71/EC where necessary for an adequate assessment of the securities. The exemption should be extended also to public offers and admissions to trading of companies registered outside the Union whose securities are admitted to trading either on a regulated market or on a third-country market. In the latter case, the Commission must have taken a positive decision on the equivalence of the legal and supervisory framework of the corresponding regulation of markets in the third country in order for the exemption to apply. That should enable Union employees to have access to ongoing information about the company.
- (15) The summary of the prospectus should be a key source of information for retail investors. It should be a self-contained part of the prospectus and should be short, simple, clear and easy for targeted investors to understand. It should focus on key information that investors need in order to be able to decide which offers and admissions of securities to consider further. Such key information should convey the essential characteristics of, and risks associated with, the issuer, any guarantor, and the securities offered or admitted to trading on a regulated market. It should also provide the general terms of the offer, including estimated expenses charged to the investor by the issuer or the offeror, and indicate the total estimated expenses, since these could be substantial. It should also inform the investor of any rights attaching to the securities and of the risks associated with an investment in the relevant security. The format of the summary should be determined in a way that allows comparison of the summaries of similar products by ensuring that equivalent information always appears in the same position in the summary.
- (16) Member States should ensure that no civil liability attaches to any person solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent with the relevant parts of the prospectus. The summary should contain a clear warning to this effect.
- (17) It is appropriate to clarify that final terms to a base prospectus should contain only information relating to the securities note which is specific to the issue and which can be determined only at the time of the individual issue. Such information might, for example, include the international securities identification number, the issue price,

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the date of maturity, any coupon, the exercise date, the exercise price, the redemption price and other terms not known at the time of drawing up the prospectus. Other new information which is capable of affecting the assessment of the issuer and the securities should, in general, be included in a supplement to the prospectus. Furthermore, in order to fulfil the obligation to provide key information also under a base prospectus, issuers should combine the summary with relevant parts of final terms in a way that is easily accessible to investors. No separate approval should be required in those cases.

- (18) In order to improve the efficiency of pre-emptive issues of equity securities and adequately to take account of the size of issuers, without prejudice to investor protection, a proportionate disclosure regime should be introduced for offers of shares to existing shareholders who can either subscribe those shares or sell the right to subscribe for the shares, for offers by SMEs and issuers with reduced market capitalisation (namely small companies whose shares are admitted to trading on a regulated market), and for offers of non-equity securities referred to in Article 1(2)(j) of Directive 2003/71/EC issued by credit institutions. Where such credit institutions issue securities below the limit laid down in that Article, but choose to opt into the regime of this Directive and, consequently, draw up a prospectus, they should be entitled to benefit from the relevant proportionate disclosure regime. The proportionate disclosure regime for pre-emptive issues should apply where the shares offered are of the same class as the shares of the issuer admitted to trading either on a regulated market or on a multilateral trading facility as defined in Article 4(1)(15) of Directive 2004/39/EC as long as the facility is subject to appropriate ongoing disclosure requirements and rules on market abuse. The European Supervisory Authority (European Securities and Markets Authority) should issue guidelines regarding these conditions in order to ensure a consistent approach by the competent authorities.
- (19) Member States publish abundant information on their financial situation which is in general available in the public domain. Where a Member State guarantees an offer of securities, the issuer should not be obliged to provide in the prospectus information about that Member State acting as guarantor.
- (20) In order to improve legal certainty, the validity of a prospectus should commence at its approval, a point in time which is easily verified by the competent authority. Furthermore, in order to enhance flexibility, issuers should also be able to update the registration document in accordance with the procedure for supplementing prospectuses.
- (21) As a consequence of the entry into force of Directive 2004/109/EC, the obligation in Directive 2003/71/EC for the issuer to provide annually a document containing or referring to all information published in the 12 months preceding the issuance of the prospectus has become a dual obligation and should therefore be abolished. As a consequence, a registration document, instead of being updated in accordance with Article 10 of Directive 2003/71/EC, should be updated by means of a supplement or securities note.
- (22) Internet ensures easy access to information. In order to ensure better accessibility for investors, the prospectus should always be published in an electronic form on the

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relevant website. Where a person other than the issuer is responsible for drawing up the prospectus, it should be sufficient for that person to publish the prospectus on the website of that person.

- (23) In order to improve legal certainty, it should be clarified when the requirement to publish a supplement to the prospectus and the right of withdrawal end. Those provisions should be looked at separately. The obligation to supplement a prospectus should be terminated at the final closing of the offering period or the time when trading of such securities on a regulated market begins, whichever occurs later. On the other hand, the right to withdraw an acceptance should be applicable only where the prospectus relates to an offer of securities to the public and the new factor, mistake or inaccuracy arose before the final closing of the offer and the delivery of the securities. Hence, the right of withdrawal is linked to the timing of the new factor, mistake or inaccuracy that gives rise to a supplement, and assumes that that triggering event has occurred while the offer was open and before delivery of the securities.
- (24) When the prospectus is supplemented, harmonisation at Union level of the time-frame for the exercise by investors of the right of withdrawal of their previous acceptances would provide certainty to issuers making cross-border offers of securities. To provide flexibility to issuers from Member States with a tradition of a longer time-frame in this regard, the issuer or the offeror should be able to extend the term for the exercise of that right voluntarily. To improve legal certainty, the supplement to the prospectus should specify when the right of withdrawal ends.
- (25) The authority responsible for the approval of the prospectus should also notify the issuer or the person responsible for drawing up the prospectus of the certificate of approval of the prospectus that is addressed to the authorities of host Member States in accordance with Directive 2003/71/EC in order to provide the issuer or the person responsible for drawing up the prospectus with certainty as to whether and when a notification has actually been effected.
- (26) The measures necessary for the implementation of this Directive should be adopted by means of implementing acts in accordance with Article 291 of the Treaty on the Functioning of the European Union (TFEU). It is particularly important that the European Parliament receive draft measures and draft implementing acts as well as any other relevant information before the Commission decides on the equivalence of prospectuses drawn up in a particular third country.
- (27) In order to respect the principles set out in recital 41 of Directive 2003/71/EC and to take account of the technical developments in the financial markets and to specify the requirements laid down in Directive 2003/71/EC, the Commission should be empowered to adopt delegated acts in accordance with Article 290 TFEU. In particular, delegated acts may be necessary to update the thresholds and the definitions for reduced market capitalisation and SMEs established in this Directive and in Directive 2003/71/EC, and to specify the detailed content and specific form of the summary in accordance with the outcome of the debate launched by the Commission's Communication on Packaged Retail Investment Products of 30 April 2009, aligning to the greatest extent possible the content and form of the summary for securities with that outcome,

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preventing the duplication of documents and potential confusion for investors as well as minimising the costs.

- (28) The European Parliament and the Council should have 3 months from the date of notification to object to a delegated act. At the initiative of the European Parliament or the Council, it should be possible to prolong that period by 3 months in regard to significant areas of concern. It should also be possible for the European Parliament and the Council to inform the other institutions of their intention not to raise objections. Such early approval of delegated acts is particularly appropriate when deadlines need to be met, for example where there are timetables in the basic act for the Commission to adopt delegated acts.
- (29) In Declaration 39 on Article 290 TFEU, annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, signed on 13 December 2007, the Conference took note of the Commission's intention to continue to consult experts appointed by the Member States in the preparation of draft delegated acts in the financial services area, in accordance with its established practice.
- (30) Since the objective of this Directive, namely reducing administrative burdens relating to the publication of a prospectus in the case of offers of securities to the public and admission to trading in regulated markets within the Union, cannot be sufficiently achieved by Member States and can therefore, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.
- (31) Directives 2003/71/EC and 2004/109/EC should therefore be amended accordingly,

HAVE ADOPTED THIS DIRECTIVE:

#### *Article 1*

#### **Amendments to Directive 2003/71/EC**

Directive 2003/71/EC is hereby amended as follows:

1. Article 1 is amended as follows:
  - (a) in paragraph 2:
    - (i) point (h) is replaced by the following:
      - (h) securities included in an offer where the total consideration for the offer in the Union is less than EUR 5 000 000, which shall be calculated over a period of 12 months;;
    - (ii) point (j) is replaced by the following:
      - (j) non-equity securities issued in a continuous or repeated manner by credit institutions where the total

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consideration for the offer in the Union is less than EUR 75 000 000, which shall be calculated over a period of 12 months, provided that those securities:

- (i) are not subordinated, convertible or exchangeable;
- (ii) do not give a right to subscribe to or acquire other types of securities and that they are not linked to a derivative instrument.;

(b) the following paragraph is added:

4. In order to take account of technical developments on financial markets, including inflation, the Commission shall adopt, by means of delegated acts in accordance with Article 24a, and subject to the conditions of Articles 24b and 24c, measures concerning the adjustment of the limits referred to in points (h) and (j) of paragraph 2 of this Article.;

2. Article 2 is amended as follows:

(a) in paragraph 1:

(i) point (e) is replaced by the following:

(e) “qualified investors” means persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments<sup>(8)</sup>, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognised as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients. Investment firms and credit institutions shall communicate their classification on request to the issuer without prejudice to the relevant legislation on data protection. Investment firms authorised to continue considering existing professional clients as such in accordance with Article 71(6) of Directive 2004/39/EC shall be authorised to treat those clients as qualified investors under this Directive;;

(ii) the following points are added:

(s) “key information” means essential and appropriately structured information which is to be provided to investors with a view to enabling them to understand the nature and the risks of the issuer, guarantor and the securities that are being offered to them or admitted to trading on a regulated market and, without prejudice to Article 5(2)(b), to decide which offers of securities to consider further. In light of the offer and securities concerned, the key information shall include the following elements:



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- (i) a short description of the risks associated with and essential characteristics of the issuer and any guarantor, including the assets, liabilities and financial position;
      - (ii) a short description of the risk associated with and essential characteristics of the investment in the relevant security, including any rights attaching to the securities;
      - (iii) general terms of the offer, including estimated expenses charged to the investor by the issuer or the offeror;
      - (iv) details of the admission to trading;
      - (v) reasons for the offer and use of proceeds;
    - (t) “company with reduced market capitalisation” means a company listed on a regulated market that had an average market capitalisation of less than EUR 100 000 000 on the basis of end-year quotes for the previous three calendar years.;
  - (b) paragraphs 2 and 3 are deleted;
  - (c) paragraph 4 is replaced by the following:
    - 4. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a, and subject to the conditions of Articles 24b and 24c, the definitions referred to in paragraph 1, including the adjustment of the figures used for the definition of SMEs, and the thresholds for reduced market capitalisation, taking into account the situation on different national markets, including the classification used by the operators of regulated markets, Union legislation and recommendations as well as economic developments.;
3. Article 3 is amended as follows:
- (a) in paragraph 2:
    - (i) the first subparagraph is replaced by the following:
      - 2. The obligation to publish a prospectus shall not apply to the following types of offer:
        - a an offer of securities addressed solely to qualified investors; and/or
        - b an offer of securities addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors; and/or
        - c an offer of securities addressed to investors who acquire securities for a total consideration of at least EUR 100 000 per investor, for each separate offer; and/or

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- d an offer of securities whose denomination per unit amounts to at least EUR 100 000; and/or
- e an offer of securities with a total consideration in the Union of less than EUR 100 000, which shall be calculated over a period of 12 months.;

(ii) the following subparagraph is added:

Member States shall not require another prospectus in any such subsequent resale of securities or final placement of securities through financial intermediaries as long as a valid prospectus is available in accordance with Article 9 and the issuer or the person responsible for drawing up such prospectus consents to its use by means of a written agreement.;

(b) the following paragraph is added:

4. In order to take account of technical developments on financial markets, including inflation, the Commission shall adopt, by means of delegated acts in accordance with Article 24a, and subject to the conditions of Articles 24b and 24c, measures concerning the thresholds in points (c) to (e) of paragraph 2 of this Article.;

4. Article 4 is amended as follows:

(a) in paragraph 1:

(i) points (c) to (e) are replaced by the following:

- (c) securities offered, allotted or to be allotted in connection with a merger or division, provided that a document is available containing information which is regarded by the competent authority as being equivalent to that of the prospectus, taking into account the requirements of Union legislation;
- (d) dividends paid out to existing shareholders in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer;
- (e) securities offered, allotted or to be allotted to existing or former directors or employees by their employer or by an affiliated undertaking provided that the company has its head office or registered office in the Union and provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer.;

(ii) the following subparagraphs are added:

Point (e) shall also apply to a company established outside the Union whose securities are admitted to trading either on a regulated market or on a third-country market. In the

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latter case, the exemption shall apply provided that adequate information, including the document referred to in point (e), is available at least in a language customary in the sphere of international finance and provided that the Commission has adopted an equivalence decision regarding the third-country market concerned.

On the request of the competent authority of a Member State, the Commission shall adopt equivalence decisions in accordance with the procedure referred to in Article 24(2), stating whether the legal and supervisory framework of a third country ensures that a regulated market authorised in that third country complies with legally binding requirements which are, for the purpose of the application of the exemption under point (e), equivalent to the requirements resulting from Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse)<sup>(9)</sup>, from Title III of Directive 2004/39/EC and from 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<sup>(10)</sup>, and which are subject to effective supervision and enforcement in that third country. That competent authority shall indicate why it considers that the legal and supervisory framework of the third country concerned is to be considered equivalent and shall provide relevant information to this end.

Such a third-country legal and supervisory framework may be considered equivalent where that framework fulfils at least the following conditions:

- (i) the markets are subject to authorisation and to effective supervision and enforcement on an ongoing basis;
- (ii) the markets have clear and transparent rules regarding admission of securities to trading so that such securities are capable of being traded in a fair, orderly and efficient manner, and are freely negotiable;
- (iii) security issuers are subject to periodic and ongoing information requirements ensuring a high level of investor protection; and
- (iv) market transparency and integrity are ensured by the prevention of market abuse in the form of insider dealing and market manipulation.

As regards point (e), in order to take into account the developments of financial markets, the Commission may adopt by means of delegated acts in accordance with Article 24a, and subject to the conditions of Articles 24b and 24c, measures to specify the above criteria or to add further ones to be applied in the assessment of the equivalence.;

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- (b) in paragraph 2, point (d) is replaced by the following:
  - (d) securities offered, allotted or to be allotted in connection with a merger or a division, provided that a document is available containing information which is regarded by the competent authority as being equivalent to that of the prospectus, taking into account the requirements of Union legislation;;

5. Article 5 is amended as follows:

- (a) in paragraph 2:
  - (i) in the first subparagraph, the introductory part is replaced by the following:

- 2. The prospectus shall contain information concerning the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market. It shall also include a summary that, in a concise manner and in non-technical language, provides key information in the language in which the prospectus was originally drawn up. The format and content of the summary of the prospectus shall provide, in conjunction with the prospectus, appropriate information about essential elements of the securities concerned in order to aid investors when considering whether to invest in such securities.

The summary shall be drawn up in a common format in order to facilitate comparability of the summaries of similar securities and its content should convey the key information of the securities concerned in order to aid investors when considering whether to invest in such securities. The summary shall also contain a warning that::

- (ii) the second subparagraph is replaced by the following:

Where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination of at least EUR 100 000, there shall be no requirement to provide a summary, save where a Member State so requires in accordance with Article 19(4).;

- (b) paragraph 3 is replaced by the following:

3. The issuer, offeror or person asking for the admission to trading on a regulated market may draw up the prospectus as a single document or separate documents. A prospectus composed of separate documents shall divide the required information into a registration document, a securities note and a summary note. The registration document shall contain the information relating to the issuer. The securities note shall contain the information concerning the securities offered to the public or to be admitted to trading on a regulated market.;

- (c) in paragraph 4, the third subparagraph is replaced by the following:

Where the final terms of the offer are neither included in the base prospectus nor in a supplement, the final terms shall be made available

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to investors, filed with the competent authority of the home Member State and communicated, by the issuer, to the competent authority of the host Member State(s) when each public offer is made as soon as practicable and, if possible, in advance of the beginning of the public offer or admission to trading. The final terms shall contain only information that relates to the securities note and shall not be used to supplement the base prospectus. Article 8(1)(a) shall apply in those cases.;

(d) paragraph 5 is replaced by the following:

5. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures relating to the following:

- a the format of the prospectus or base prospectus, the summary, final terms and supplements; and
- b the detailed content and specific form of the key information to be included in the summary.

Those delegated acts shall be adopted by 1 July 2012.;

6. in Article 6(2), the second subparagraph is replaced by the following:

However, Member States shall ensure that no civil liability shall attach to any person solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities. The summary shall contain a clear warning to that effect.;

7. Article 7 is amended as follows:

(a) paragraph 1 is replaced by the following:

1. Detailed delegated acts regarding the specific information which must be included in a prospectus, avoiding duplication of information when a prospectus is composed of separate documents, shall be adopted by the Commission in accordance with Article 24a and subject to the conditions of Articles 24b and 24c.;

(b) in paragraph 2:

(i) point (b) is replaced by the following:

(b) the various types and characteristics of offers and admissions to trading on a regulated market of non-equity securities. The information required in a prospectus shall be appropriate from the point of view of the investors concerned for non-equity securities having a denomination per unit of at least EUR 100 000.;

(ii) point (e) is replaced by the following:

(e) the various activities and size of the issuer, in particular credit institutions issuing non-equity securities referred to in Article 1(2)(j), companies with reduced market

capitalisation and SMEs. For such companies the information shall be adapted to their size and, where appropriate, to their shorter track record;;

(iii) the following point is added:

(g) a proportionate disclosure regime shall apply to offers of shares by companies whose shares of the same class are admitted to trading on a regulated market or a multilateral trading facility as defined in Article 4(1)(15) of Directive 2004/39/EC, which are subject to appropriate ongoing disclosure requirements and rules on market abuse, provided that the issuer has not disapplied the statutory pre-emption rights.;

(c) paragraph 3 is replaced by the following:

3. The delegated acts referred to in paragraph 1 shall be based on the standards in the field of financial and non-financial information set out by international securities commission organisations, in particular by IOSCO and on the indicative Annexes to this Directive.;

8. Article 8 is amended as follows:

(a) in the introductory part of paragraph 2 and in paragraph 3, the term ‘implementing measures’ is replaced by ‘delegated acts’;

(b) the following paragraph is inserted:

3a. Where securities are guaranteed by a Member State, an issuer, an offeror or a person asking for admission to trading on a regulated market, when drawing up a prospectus in accordance with Article 1(3), shall be entitled to omit information about such guarantor.;

(c) paragraph 4 is replaced by the following:

4. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures concerning paragraph 2.;

9. Article 9 is amended as follows:

(a) paragraph 1 is replaced by the following:

1. A prospectus shall be valid for 12 months after its approval for offers to the public or admissions to trading on a regulated market, provided that the prospectus is completed by any supplements required pursuant to Article 16.;

(b) paragraph 4 is replaced by the following:

4. A registration document, as referred to in Article 5(3), previously filed and approved, shall be valid for a period of up to 12 months. The registration document, updated in accordance with Article 12(2) or Article 16, accompanied by the securities note and the summary note shall be considered to constitute a valid prospectus.;

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10. Article 10 is deleted;
11. Article 11 is amended as follows:
  - (a) paragraph 1 is replaced by the following:
    1. Member States shall allow information to be incorporated in the prospectus by reference to one or more previously or simultaneously published documents that have been approved by the competent authority of the home Member State or filed with it in accordance with this Directive or Directive 2004/109/EC. Such information shall be the most recent available to the issuer. The summary shall not incorporate information by reference.;
  - (b) paragraph 3 is replaced by the following:
    3. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures concerning the information to be incorporated by reference.;
12. in Article 12, paragraph 2 is replaced by the following:
  2. In this case, the securities note shall provide information that would normally be provided in the registration document, where there has been a material change or recent development which could affect investors' assessments since the latest updated registration document, unless such information is provided in a supplement in accordance with Article 16. The securities and summary notes shall be subject to a separate approval.;
13. in Article 13, paragraph 7 is replaced by the following:
  7. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures concerning the conditions in accordance with which time limits may be adjusted.;
14. Article 14 is amended as follows:
  - (a) in paragraph 2:
    - (i) point (c) in the first subparagraph is replaced by the following:
      - (c) in electronic form on the issuer's website or, if applicable, on the website of the financial intermediaries placing or selling the securities, including paying agents; or;
    - (ii) the second subparagraph is replaced by the following:

Member States shall require issuers or the persons responsible for drawing up a prospectus that publish their prospectus in accordance with point (a) or (b) also to publish their prospectus electronically in accordance with point (c).;
  - (b) paragraph 8 is replaced by the following:

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8. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures concerning paragraphs 1 to 4 of this Article.;
15. in Article 15, paragraph 7 is replaced by the following:
7. In order to take account of technical developments on financial markets and to specify the requirements laid down in this Article, the Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures concerning the dissemination of advertisements announcing the intention to offer securities to the public or the admission to trading on a regulated market, in particular before the prospectus has been made available to the public or before the opening of the subscription, and concerning paragraph 4 of this Article.;
16. Article 16 is replaced by the following:

#### *Article 16*

#### **Supplements to the prospectus**

1. Every significant new factor, material mistake or inaccuracy relating to the information included in the prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus. Such a supplement shall be approved in the same way in a maximum of seven working days and published in accordance with at least the same arrangements as were applied when the original prospectus was published. The summary, and any translations thereof, shall also be supplemented, if necessary, to take into account the new information included in the supplement.
2. Where the prospectus relates to an offer of securities to the public, investors who have already agreed to purchase or subscribe for the securities before the supplement is published shall have the right, exercisable within two working days after the publication of the supplement, to withdraw their acceptances, provided that the new factor, mistake or inaccuracy referred to in paragraph 1 arose before the final closing of the offer to the public and the delivery of the securities. That period may be extended by the issuer or the offeror. The final date of the right of withdrawal shall be stated in the supplement.;
17. in Article 18, paragraph 1 is replaced by the following:
1. The competent authority of the home Member State shall, at the request of the issuer or the person responsible for drawing up the prospectus and within three working days following receipt of that request or, where the request is submitted together with the draft prospectus, within one working day after the approval of the prospectus, notify the competent authority of the host Member State with a certificate of approval attesting that the prospectus has been drawn up in accordance with this Directive and with a copy of that prospectus. If applicable, that notification shall be accompanied by a translation of the summary produced under the responsibility of the issuer or person responsible for drawing up the prospectus. The same procedure shall



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be followed for any supplement to the prospectus. The issuer or the person responsible for drawing up the prospectus shall also be notified of the certificate of approval at the same time as the competent authority of the host Member State.;

18. in Article 19, paragraph 4 is replaced by the following:
  4. Where admission to trading on a regulated market of non-equity securities whose denomination per unit amounts to at least EUR 100 000 is sought in one or more Member States, the prospectus shall be drawn up either in a language accepted by the competent authorities of the home and host Member States or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or person asking for admission to trading, as the case may be. Member States may choose to require in their national legislation that a summary be drawn up in their official language(s).;
19. in Article 20, the first subparagraph of paragraph 3 is replaced by the following:
  3. The Commission shall adopt, by means of delegated acts in accordance with Article 24a and subject to the conditions of Articles 24b and 24c, measures to establish general equivalence criteria, based on the requirements laid down in Articles 5 and 7.;
20. in Article 21(4)(d), the words ‘its implementing measures’ are replaced by ‘the delegated acts referred to therein’;
21. the following articles are inserted:

#### *Article 24a*

#### **Exercise of the delegation**

- 1 The power to adopt delegated acts referred to in Article 1(4), Article 2(4), Article 3(4), the fifth subparagraph of Article 4(1), Article 5(5), Article 7(1), Article 8(4), Article 11(3), Article 13(7), Article 14(8), Article 15(7) and the first subparagraph of Article 20(3) shall be conferred on the Commission for a period of 4 years from 31 December 2010. The Commission shall draw up a report in respect of the delegated power at the latest 6 months before the end of the four-year period. The delegation of power shall be automatically extended for periods of an identical duration, unless the European Parliament or the Council revokes it in accordance with Article 24b.
- 2 As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
- 3 The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in Articles 24b and 24c.

#### *Article 24b*

#### **Revocation of the delegation**

- 1 The delegation of power referred to in Article 1(4), Article 2(4), Article 3(4), the fifth subparagraph of Article 4(1), Article 5(5), Article 7(1), Article 8(4), Article 11(3), Article 13(7), Article 14(8), Article 15(7) or the first subparagraph of Article 20(3) may be revoked at any time by the European Parliament or by the Council.

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2 The institution which has commenced an internal procedure for deciding whether to revoke a delegation of power shall endeavour to inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated power which could be subject to revocation.

3 The decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the *Official Journal of the European Union*.

#### *Article 24c*

### **Objections to delegated acts**

1 The European Parliament or the Council may object to a delegated act within a period of 3 months from the date of notification.

At the initiative of the European Parliament or the Council that period shall be extended by 3 months.

2 If, on expiry of the period referred to in paragraph 1, neither the European Parliament nor the Council has objected to the delegated act, it shall be published in the *Official Journal of the European Union* and shall enter into force on the date stated therein.

The delegated act may be published in the *Official Journal of the European Union* and enter into force before the expiry of that period if the European Parliament and the Council have both informed the Commission of their intention not to raise objections.

3 If either the European Parliament or the Council objects to the delegated act within the period referred to in paragraph 1, it shall not enter into force. In accordance with Article 296 of the Treaty on the Functioning of the European Union, the institution which objects shall state the reasons for objecting to the delegated act.;

22. in Section I(C) and Sections III and IV of Annex I, Section II of Annex II, Sections II and III of Annex III, and the third bullet point of Annex IV, the term ‘key information’ is replaced by ‘essential information’.

#### *Article 2*

### **Amendments to Directive 2004/109/EC**

Directive 2004/109/EC is hereby amended as follows:

1. in Article 2(1)(i), point (i) is replaced by the following:
  - (i) in the case of an issuer of debt securities the denomination per unit of which is less than EUR 1 000 or an issuer of shares:
    - where the issuer is incorporated in the Union, the Member State in which it has its registered office,
    - where the issuer is incorporated in a third country, the Member State referred to in point (iii) of Article 2(1)(m) of Directive 2003/71/EC.

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The definition of “home” Member State shall be applicable to debt securities in a currency other than euro, provided that the value of such denomination per unit is, at the date of the issue, less than EUR 1 000, unless it is nearly equivalent to EUR 1 000;;

2. Article 8 is amended as follows:

(a) in paragraph 1, point (b) is replaced by the following:

(b) an issuer exclusively of debt securities admitted to trading on a regulated market, the denomination per unit of which is at least EUR 100 000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, equivalent to at least EUR 100 000.;

(b) the following paragraph is added:

4. By way of derogation from paragraph (1)(b), Articles 4, 5 and 6 shall not apply to issuers of exclusively debt securities the denomination per unit of which is at least EUR 50 000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, equivalent to at least EUR 50 000, which have already been admitted to trading on a regulated market in the Union before 31 December 2010, for as long as such debt securities are outstanding.;

3. in Article 18, paragraph 3 is replaced by the following:

3. Where only holders of debt securities whose denomination per unit amounts to at least EUR 100 000 or, in the case of debt securities denominated in a currency other than euro whose denomination per unit is, at the date of the issue, equivalent to at least EUR 100 000, are to be invited to a meeting, the issuer may choose as venue any Member State, provided that all the facilities and information necessary to enable such holders to exercise their rights are made available in that Member State.

The choice referred to in the first subparagraph shall also apply with regard to holders of debt securities whose denomination per unit amounts to at least EUR 50 000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, equivalent to at least EUR 50 000, which have already been admitted to trading on a regulated market in the Union before 31 December 2010, for as long as such debt securities are outstanding, provided that all the facilities and information necessary to enable such holders to exercise their rights are made available in the Member State chosen by the issuer.;

4. in Article 20, paragraph 6 is replaced by the following:

6. By way of derogation from paragraphs 1 to 4, where securities whose denomination per unit amounts to at least EUR 100 000 or, in the case of debt securities denominated in a currency other than euro equivalent to at least EUR 100 000 at the date of the issue, are admitted to trading on a regulated market in one or more Member States, regulated information shall be disclosed to the public either in a language accepted by the competent authorities of the home and host Member States or in a language customary in the sphere of international finance, at the choice of the issuer or of the person who, without the issuer’s consent, has requested such admission.

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The derogation referred to in the first subparagraph shall also apply to debt securities the denomination per unit of which is at least EUR 50 000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, equivalent to at least EUR 50 000, which have already been admitted to trading on a regulated market in one or more Member States before 31 December 2010, for as long as such debt securities are outstanding..

### *Article 3*

#### **Transposition**

1 Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 1 July 2012. They shall forthwith communicate to the Commission the text of those provisions and a correlation table between those provisions and this Directive.

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2 Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.

### *Article 4*

#### **Review**

By 1 January 2016, the Commission shall assess the application of Directive 2003/71/EC as amended by this Directive, in particular with regard to the application and the effects of the rules, including liability, regarding the summary with key information, the impact of the exemption provided for in Article 4(1)(e) on the protection of employees and the proportionate disclosure regime referred to in Article 7(2)(e) and (g) and the electronic publication of prospectuses in accordance with Article 14 and it shall review point (ii) of Article 2(1)(m) in relation to the limitation on the determination of the home Member State for issues of non-equity securities with a denomination below EUR 1 000 in order to consider whether that provision should be maintained or revoked. The Commission shall also assess the need to revise the definition of the term ‘public offer’ and the need to define the terms ‘primary market’ and ‘secondary market’ and, in this respect, shall fully clarify the links between Directive 2003/71/EC and Directives 2003/6/EC and 2004/109/EC. Following its assessment, the Commission shall present a report to the European Parliament and the Council, accompanied, where appropriate, by proposals to amend Directive 2003/71/EC.

### *Article 5*

#### **Entry into force**

This Directive shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

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*Article 6*

**Addressees**

This Directive is addressed to the Member States.

Done at Strasbourg, 24 November 2010.

*For the European Parliament*

*The President*

J. BUZEK

*For the Council*

*The President*

O. CHASTEL

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- (1) Opinion of 18 February 2010 (not yet published in the Official Journal).
- (2) [OJ C 19, 26.1.2010, p. 1.](#)
- (3) Position of the European Parliament of 17 June 2010 (not yet published in the Official Journal) and decision of the Council of 11 October 2010.
- (4) [OJ L 345, 31.12.2003, p. 64.](#)
- (5) [OJ L 145, 30.4.2004, p. 1.](#)
- (6) [OJ L 390, 31.12.2004, p. 38.](#)
- (7) [OJ L 96, 12.4.2003, p. 16.](#)
- (8) [OJ L 145, 30.4.2004, p. 1.](#)’;
- (9) [OJ L 96, 12.4.2003, p. 16.](#)
- (10) [OJ L 390, 31.12.2004, p. 38.](#)’;