

New rules to protect investors and help SMEs access diverse sources of capital

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Uniform rules on the information given in investor prospectuses were approved by Parliament on Wednesday. They aim to protect investors, create a more efficient single capital market and ease small firms' access to finance.

"The prospectus is a concrete example of how we will build Capital Markets Union. We made the prospectus regulation more fitting for the current environment; it will benefit all issuers who want to raise funds on the market, ending the over-reliance of small firms on bank funding. The new prospectus will reduce costs and increase the readability and relevance of investor information, which will in turn improve investor protection", said Petr Ježek (ALDE, CZ) during the debate.

Prospectuses are legally required documents published when securities such as shares in companies or the right to acquire them and non-equity securities such as bonds are offered to investors or admitted to trading. Prospectuses should be publicly available and published on the website of an issuer or a financial intermediary.

Protecting investors: key information and warnings

Under the new rules, the information that a prospectus provides must enable investors to make an informed assessment of assets, liabilities, profits, losses and rights attached to investment products.

Prospectuses should include an accurate, clear seven-page summary (with an extra one, two or three pages where a given type of a security requires further explanations), providing:

- key information that investors need to understand the risks and make an informed decision,
- information on the issuer, on the securities, on the offer to the public and on admission to trading, and
- a clear warning of the risks involved, such as the risk of losing part or all of the investment.

The summary should be read as an introduction to the prospectus and be consistent with other parts of it.

Helping SMEs: EU growth prospectus

A key aim of the Capital Markets Union, for which the prospectus regulation is an essential step, is to ease access to finance for small and medium-sized enterprises (SMEs).

As SMEs usually need to raise lower amounts than other issuers, the cost of drawing up a full prospectus could be disproportionately high for them. MEPs therefore established a

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specific, standardised and lighter EU growth prospectus regime for SMEs, issuers on an SME growth market and other issuers wishing to raise smaller amounts of money, i.e. up to €20 million over a twelve-month period.

Once approved, these prospectuses would be eligible for the EU passporting regime, enabling them to be offered to the investors across the EU.

The final text was adopted with 517 votes in favour, 109 against and 71 abstentions.

Next steps

The new rules will apply from 24 months after their entry into force.

Further information

- Procedure file: [http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2015/0268\(COD\)&l=en](http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2015/0268(COD)&l=en)
- Committee on Economic and Monetary Affairs: <http://www.europarl.europa.eu/committees/en/econ/home.html>
- Profile of the rapporteur: Petr Ježek (ALDE, CZ): <http://www.europarl.europa.eu/meps/en/124707.html>
- Adopted text 2015/0268(COD) will soon be available here (05.04.2017): <http://www.europarl.europa.eu/plenary/en/texts-adopted.html>
- Video recording of debates (04.04.2017): <http://www.europarl.europa.eu/ep-live/en/plenary/search-by-date>
- Background information from the EP Research Service: Prospectuses for investors: <http://www.eprs.sso.ep.parl.union.eu/filerep/09-Briefings/2017/EPRS-AaG-599368-Prospectuses-for-investors-FINAL.pdf>

Political groups

- News pages of the EPP group: <http://bit.ly/1WuQLqB>
- News pages of the S&D group: <http://bit.ly/1WWG6F4>
- News pages of the ECR group: <http://bit.ly/1Y0YFrj>
- News pages of the ALDE group: <http://bit.ly/2ikk6qK>
- News pages of the GUE/NGL group: <http://bit.ly/1UrAIM9>
- News pages of the Greens/EFA group: <http://bit.ly/2m6JiBA>
- News pages of the EFDD group: <http://bit.ly/1TUnDFU>
- News pages of the ENF group: <http://bit.ly/2cxzxcR>

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