



2020/0155(COD)

11.11.2020

OPINION

of the Committee on the Internal Market and Consumer Protection

for the Committee on Economic and Monetary Affairs

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic
(COM(2020)0281 – C9-0206/2020 – 2020/0155(COD))

Rapporteur for opinion: Virginie Joron

PA_Legam

AMENDMENTS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) Regulation (EU) 2017/1129 of the European Parliament and of the Council¹⁴ lays down 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. As part of the measures to help issuers to recover from the economic shock resulting from the COVID-19 pandemic, targeted amendments to the prospectus regime are necessary. Such amendments should enable issuers and financial intermediaries to reduce costs and free up resources for the recovery phase in the immediate aftermath of the crisis.

¹⁴ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated

Amendment

(2) Regulation (EU) 2017/1129 of the European Parliament and of the Council¹⁴ lays down 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. As part of the measures to help issuers to recover from the economic shock resulting from the COVID-19 pandemic, targeted amendments to the prospectus regime are necessary ***provided that they respect the principles of the Single European Market and pay attention to the specific needs of small and medium sized enterprises (SMEs) and start-ups.*** Such amendments should enable issuers and financial intermediaries to reduce costs and free up resources for the recovery phase in the immediate aftermath of the crisis. ***The amendments should also protect the interests of retail investors and consumers, in order to incentivise financial participation and turn savers into investors. Access to equity financing for SMEs, entrepreneurs and the social economy has become even more crucial to the COVID-19 recovery.***

¹⁴ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated

market, and repealing Directive
2003/71/EC (OJ L 168, 30.6.2017, p. 12).

market, and repealing Directive
2003/71/EC (OJ L 168, 30.6.2017, p. 12).

Amendment 2

Proposal for a regulation Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) The COVID-19 crisis makes Union companies, in particular SMEs and start-ups, more fragile and vulnerable. Where appropriate in order to facilitate and diversify funding sources for Union companies, with a particular focus on SMEs, including start-ups and mid-caps, the removal of unjustified barriers and red tape can help to promote their ability to access equity markets, as well as to access more diverse, longer-term and more competitive investment opportunities for retail and large investors. In that regard, this Regulation should also aim to make it easier for potential investors to learn about investment opportunities in companies, since they often have difficulty evaluating young and small firms with a short business record, a situation which leads to fewer innovative openings, especially by young entrepreneurs.

Amendment 3

Proposal for a regulation Recital 3

Text proposed by the Commission

Amendment

(3) Credit institutions have been active in the recovery to support companies that needed financing and are expected to be a fundamental pillar of the recovery. Regulation (EU) 2017/1129 entitles credit institutions to an exemption from the obligation to publish a prospectus in case

(3) Credit institutions have been active in the recovery to support companies that needed financing and are expected to be a fundamental pillar of the recovery. Regulation (EU) 2017/1129 entitles credit institutions to an exemption from the obligation to publish a prospectus in case

of an offer of certain non-equity securities issued in a continuous or repeated manner up to an aggregated amount of EUR 75 million in a 12 month-period. That exemption threshold should be increased for a limited period of time in order to foster fundraising for credit institutions and bring them a breathing space to support their clients in the real economy. As that measure is limited to the recovery phase, it should therefore be available for a limited time period of **18** months.

Amendment 4

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) The EU Recovery prospectus should include a short-form summary as a useful source of information for investors, in particular retail investors. That summary should be **a self-contained part** of the EU Recovery prospectus and should focus on **key** information that would enable investors to decide which offers and admissions to trading of securities to study further **by reviewing** the EU Recovery prospectus as a whole to take their decision.

of an offer of certain non-equity securities issued in a continuous or repeated manner up to an aggregated amount of EUR 75 million in a 12 month-period. That exemption threshold should be increased for a limited period of time in order to foster fundraising for credit institutions and bring them a breathing space to support their clients in the real economy. As that measure is limited to the recovery phase, it should therefore be available for a limited time period of **21** months.

Amendment

(7) The EU Recovery prospectus should include a short-form summary as a useful source of information for investors, in particular retail investors, **savers, SMEs, and start-ups**. That summary should be **set out at the beginning** of the EU Recovery prospectus and should focus on **essential, accurate, and up-to-date** information that would enable investors to decide which offers and admissions to trading of securities to study further, **and thereafter to review** the EU Recovery prospectus as a whole **in order** to take their decision. **A single market approach that avoids fragmentation between the Member States in the creation of the EU Recovery prospectus is essential. Such an approach should be ensured by providing access to the EU Recovery prospectus across all Member States, as well as by providing coordination with regards to language, format and means of accessing the EU Recovery prospectus, with the aim of enabling investors to make their own assessment and come to their own understanding of the risks involved.**

Amendment 5

Proposal for a regulation Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) Unharmonised practices regarding the structure of the information presented in the EU Recovery prospectus could make it harder for potential investors to clearly understand the risks of investment and could increase market fragmentation. In order to provide an appropriate level of clarity throughout the Union, the information should be provided in a clear and intelligible manner so as to enable individual investors to make their own assessment and come to their own understanding of the risks involved. Such information should be made easily accessible by the competent authority of the Member State where the offer is issued, and by the issuer, where possible. Issuers should present information from Annex Va in the same order as presented in that Annex.

Amendment 6

Proposal for a regulation Recital 10

Text proposed by the Commission

Amendment

(10) Regulation (EU) 2017/1129 requires financial intermediaries to inform investors of the possibility of a supplement and, under certain circumstances, to contact investors on the same day that a supplement is published. The scope of investors to contact ***as well as the deadline to contact them*** can raise difficulties. In order to provide relief and free up resources for financial intermediaries while maintaining a high level of investor protection, a more proportionate regime should be laid down. Such regime should

(10) Regulation (EU) 2017/1129 requires financial intermediaries to inform investors of the possibility of a supplement and, under certain circumstances, to contact investors on the same day that a supplement is published. The ***deadline within which investors are to be contacted, as well as the scope of investors to contact, can raise difficulties for financial intermediaries***. In order to provide relief and free up resources for financial intermediaries while maintaining a high level of investor protection, a more

specify which investors should be contacted by financial intermediaries when a supplement is published and extend the deadline to contact those investors.

proportionate regime should be laid down. Such *a* regime should specify which investors should be contacted by financial intermediaries when a supplement is published and *should* extend the deadline to contact those investors.

Amendment 7

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) As the EU Recovery prospectus is limited to the recovery phase, the regime of this prospectus should expire **18** months after the date of application of this Regulation. In order to ensure the continuity of EU Recovery prospectuses, **the ones** approved before the expiration of the regime should benefit from a grandfathering provision.

Amendment

(11) As the EU Recovery prospectus is limited to the recovery phase, the regime of this prospectus should expire **21** months after the date of application of this Regulation. In order to ensure the continuity of EU Recovery prospectuses, **those EU Recovery prospectuses that have been** approved before the expiration of the regime should benefit from a grandfathering provision.

Amendment 8

Proposal for a regulation

Recital 12

Text proposed by the Commission

(12) The Commission should, before 21 July 2022, present a report to the European Parliament and the Council on the application of this Regulation, accompanied where appropriate by a legislative proposal. This review should incorporate in its assessment whether the disclosure regime for EU Recovery prospectuses is appropriate to meet the objectives pursued by this Regulation.

Amendment

(12) The Commission should, before 21 July 2022, present a report to the European Parliament and the Council on the application of this Regulation, accompanied where appropriate by a legislative proposal. This review should incorporate in its assessment whether the disclosure regime for EU Recovery prospectuses is appropriate to meet the objectives pursued by this Regulation **and if considered to be appropriate, incorporate into its legislative proposal a permanent form of a prospectus which would reduce burdens on secondary issuances covered by the EU Recovery prospectus. That assessment should cover**

the issue of whether the EU Recovery prospectus has struck a proper balance between reduction of administrative burden for the issuer and investor protection.

Amendment 9

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Regulation (EU) 2017/1129

Article 1 – paragraph 4 – point k – introductory part

Text proposed by the Commission

(k) from [date of application of this Regulation] to [**18** months from the date of application of this Regulation] non-equity securities issued in a continuous or repeated manner by a credit institution, where the total aggregated consideration in the Union for the securities offered is less than EUR 150 000 000 per credit institution calculated over a period of 12 months, provided that those securities:

Amendment

(k) from [date of application of this Regulation] to [**21** months from the date of application of this Regulation] non-equity securities issued in a continuous or repeated manner by a credit institution, where the total aggregated consideration in the Union for the securities offered is less than EUR 150 000 000 per credit institution calculated over a period of 12 months, provided that those securities:

Amendment 10

Proposal for a regulation

Article 1 – paragraph 1 – point 3

Regulation (EU) 2017/1129

Article 7 – paragraph 12a – point b a (new)

Text proposed by the Commission

Amendment

(ba) drawn up in accordance with Article 27 of this Regulation;

Amendment 11

Proposal for a regulation

Article 1 – paragraph 1 – point 3

Regulation (EU) 2017/1129

Article 7 – paragraph 12a – point c – point i

Text proposed by the Commission

(i) an introduction, containing **warning** as laid down in paragraph 5 of this Article;

Amendment

(i) an introduction, containing **warnings and the approval date of the prospectus** as laid down in paragraph 5 of this Article;

Amendment 12

Proposal for a regulation

Article 1 – paragraph 1 – point 4

Regulation (EU) 2017/1129

Article 14a – paragraph 2 – subparagraph 1 – point b

Text proposed by the Commission

(b) the essential information on the shares, the reasons for the issuance and its impact on the overall capital structure of the issuer, and the use of proceeds.

Amendment

(b) the essential information on the shares, **the rights attached to the securities, including any limitations and procedures for the exercise of those rights**, the reasons for the issuance and its impact on the overall capital structure of the issuer, **the disclosure of capitalisation and indebtedness, a working capital statement**, and the use of proceeds.

Amendment 13

Proposal for a regulation

Article 1 – paragraph 1 – point 4

Regulation (EU) 2017/1129

Article 14a – paragraph 2 – subparagraph 2

Text proposed by the Commission

The information contained in the EU Recovery prospectus shall be written and presented in an easily analysable, concise and comprehensible form **and shall enable** investors to make an informed investment decision. The competent authority shall also take into account whether the issuer has disclosed the regulated information to the public pursuant to Directive 2004/109/EC, where applicable, Regulation (EU) No 596/2014 and, where applicable, information referred to in

Amendment

The information contained in the EU Recovery prospectus shall be written **in easily understandable, concise and comprehensible language** and presented in an **intelligible**, easily analysable, concise and comprehensible form **for** investors, **in particular SMEs and savers, to enable them to** make an informed investment decision. The competent authority shall also take into account whether the issuer has disclosed the regulated information to the public pursuant to Directive

Commission Delegated Regulation (EU) 2017/565.

2004/109/EC, where applicable, Regulation (EU) No 596/2014 and, where applicable, information referred to in Commission Delegated Regulation (EU) 2017/565. ***The competent authority shall ensure that the EU Recovery prospectus is easily accessible to investors.***

Amendment 14

Proposal for a regulation

Article 1 – paragraph 1 – point 4

Regulation (EU) 2017/1129

Article 14a – paragraph 2 – subparagraph 5

Text proposed by the Commission

Issuers ***may decide*** the order in which the information referred to in Annex Va is ***set out in the EU Recovery prospectus***;

Amendment

When presenting the necessary information in the EU Recovery prospectus, issuers ***should follow*** the order in which the information referred to in Annex Va is ***presented***.

Amendment 15

Proposal for a regulation

Article 1 – paragraph 1 – point 7 – point a

Regulation (EU) 2017/1129

Article 23 – paragraph 2 – subparagraph 1

Text proposed by the Commission

“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 ***three*** working days after the publication of the supplement, to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy referred to in paragraph 1 arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first. That period may be extended by the issuer or the offeror. The final date

Amendment

“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 significant new factor, material mistake or material inaccuracy referred to in paragraph 1 arose or was noted before the closing of the offer period or the delivery of the securities, whichever occurs first. That period may be extended by the issuer or the offeror. The final date of the right of

of the right of withdrawal shall be stated in the supplement.”;

withdrawal shall be stated in the supplement.”;

Amendment 16

Proposal for a regulation

Article 1 – paragraph 1 – point 7 – point b a (new)

Regulation (EU) 2017/1129

Article 23 – paragraph 7a (new)

Text proposed by the Commission

Amendment

(ba) the following paragraph is added:

“7a. The time limits provided for in Article 23(2) and (3) should expire 21 months after the date of application of this Regulation.”;

Amendment 17

Proposal for a regulation

Article 1 – paragraph 1 – point 8

Regulation (EU) 2017/1129

Article 47a – paragraph 1

Text proposed by the Commission

Amendment

“The regime set out in Article 14a expires on [**18** months from the date of application of this Regulation].”

“The regime set out in Article 14a expires on [**21** months from the date of application of this Regulation].”

Amendment 18

Proposal for a regulation

Article 1 – paragraph 1 – point 8

Regulation (EU) 2017/1129

Article 47a – paragraph 2

Text proposed by the Commission

Amendment

“EU Recovery Prospectuses drawn up in accordance with Article 14a and approved between [date of application of this Regulation] and [**18** months after the date of application of this Regulation] shall continue to be governed in accordance with

“EU Recovery Prospectuses drawn up in accordance with Article 14a and approved between [date of application of this Regulation] and [**21** months after the date of application of this Regulation] shall continue to be governed in accordance with

that Article until the end of their validity or until twelve months have elapsed after [**18** months after date of application of this Regulation], whichever occurs first.”

that Article until the end of their validity or until twelve months have elapsed after[**21** months after date of application of this Regulation], whichever occurs first.”

Amendment 19

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2017/1129

Article 48 – paragraph 2 – point b

Text proposed by the Commission

(b) an analysis of whether the EU Growth prospectus strikes a proper balance between investor protection and the reduction of administrative burdens for the persons entitled to use it;

Amendment

(b) an analysis of whether the EU Growth prospectus strikes a proper balance between investor protection, ***in particular retail investors, SMEs and start-ups***, and the reduction of administrative burdens for the persons entitled to use it;

Amendment 20

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2017/1129

Article 48 – paragraph 2 – point c

Text proposed by the Commission

(c) the number of EU Recovery prospectuses approved and an analysis of the evolution of such number;

Amendment

(c) the number of ***standard prospectuses, EU Growth prospectuses and*** EU Recovery prospectuses approved and an analysis of the evolution of such number;

Amendment 21

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2017/1129

Article 48 – paragraph 2 – point e

Text proposed by the Commission

(e) an analysis of ***whether*** the EU

Amendment

(e) an analysis of ***the impact of*** the EU

Recovery prospectuses strikes a proper balance between investor protection and the reduction of administrative burden for the persons entitled to use it.”;

Recovery prospectuses strikes a proper balance between investor protection, *in particular retail investors, SMEs and start-ups, the accessibility of the information*, and the reduction of administrative burden for the persons entitled to use it.”;

Amendment 22

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2017/1129

Article 48 – paragraph 2 – point e a (new)

Text proposed by the Commission

Amendment

(ea) an analysis of whether any changes are needed to the requirements set out in the Annexes;

Amendment 23

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2017/1129

Article 48 – paragraph 2 – point e b (new)

Text proposed by the Commission

Amendment

(eb) the volume of investments withdrawn by investors using their withdrawal right and its share on the total volume of investments divided by the standard prospectuses, the EU Growth prospectuses and the EU Recovery prospectuses; and, based on those data, assess whether the duration and the nature of the withdrawal right is appropriate and does not harm the efficiency of the capital raising process or investor protection;

Amendment 24

Proposal for a regulation

Article 1 – paragraph 1 – point 9
Regulation (EU) 2017/1129
Article 48 – paragraph 2 – point e c (new)

Text proposed by the Commission

Amendment

(ec) the types and trends of irregular and fraudulent behaviour of investors, issuers, offerors or financial intermediaries and third persons occurring in relation with this Regulation;

Amendment 25

Proposal for a regulation
Article 1 – paragraph 1 – point 9
Regulation (EU) 2017/1129
Article 48 – paragraph 2 – point e d (new)

Text proposed by the Commission

Amendment

(ed) a risk, cost and benefit analysis of whether EU Recovery prospectuses can become a permanent form of prospectus.

Amendment 26

Proposal for a regulation
Annex I
Regulation (EU) 2017/1129
Annex Va – section I – paragraph 1

Text proposed by the Commission

Amendment

The purpose is to identify the company issuing shares, including its legal entity identifier ('LEI'), its Member State of incorporation and the website where investors can find information on the company's business operations, the products it makes or the services it provides, the principal markets where it competes, its organisational structure and, where applicable, information incorporated by reference.

The purpose is to **promote greater transparency and** identify the company issuing shares, including its legal entity identifier ('LEI'), its Member State of incorporation and the website, **if any**, where investors can find information on the company's business operations **and the disclaimer set out in the fourth subparagraph of Section IV of this Annex**, the products it makes or the services it provides, the principal markets where it competes, its organisational structure and, where applicable,

information incorporated by reference.

Amendment 27

Proposal for a regulation

Annex I

Regulation (EU) 2017/1129

Annex Va – section III – paragraph 1

Text proposed by the Commission

The purpose is to describe the most material risks that are specific to the issuer and the shares.

Amendment

A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'.

In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be set out first. The risk factors shall be stated in the registration document.

Amendment 28

Proposal for a regulation

Annex I

Regulation (EU) 2017/1129

Annex Va – section IX – title

Text proposed by the Commission

IX. Working capital statement

Amendment

IX. Working capital statement *and statement on capitalisation and indebtedness*

Amendment 29

Proposal for a regulation

Annex I

Regulation (EU) 2017/1129

Annex Va – section IX

Text proposed by the Commission

The purpose is to provide information as to whether the working capital is sufficient for the issuer's present requirements ***or, if not***, how the issuer proposes to provide the additional working capital needed.

Amendment

The purpose is to provide ***information on the issuer's capitalisation and indebtedness and*** information as to whether the working capital is sufficient for the issuer's present requirements. ***If there is insufficient capital, a clear description of*** how the issuer proposes to provide the additional working capital needed ***is required***.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic
References	COM(2020)0281 – C9-0206/2020 – 2020/0155(COD)
Committee responsible Date announced in plenary	ECON 14.9.2020
Opinion by Date announced in plenary	IMCO 14.9.2020
Rapporteur Date appointed	Virginie Joron 2.9.2020
Date adopted	9.11.2020
Result of final vote	+ : 44 - : 0 0 : 0
Members present for the final vote	Alex Agius Saliba, Andrus Ansip, Pablo Arias Echeverría, Alessandra Basso, Brando Benifei, Adam Bielan, Biljana Borzan, Vlad-Marius Botoș, Markus Buchheit, Anna Cavazzini, Dita Charanzová, Deirdre Clune, David Cormand, Carlo Fidanza, Alexandra Geese, Sandro Gozi, Maria Grapini, Svenja Hahn, Virginie Joron, Eugen Jurzyca, Arba Kokalari, Marcel Kolaja, Kateřina Konečná, Andrey Kovatchev, Jean-Lin Lacapelle, Maria-Manuel Leitão-Marques, Morten Løkkegaard, Adriana Maldonado López, Antonius Manders, Beata Mazurek, Leszek Miller, Dan-Ștefan Motreanu, Kris Peeters, Anne-Sophie Pelletier, Miroslav Radačovský, Christel Schaldemose, Andreas Schwab, Tomislav Sokol, Ivan Štefanec, Róza Thun und Hohenstein, Kim Van Sparrentak, Marion Walsmann, Marco Zullo
Substitutes present for the final vote	Marco Campomenosi

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

44	+
ECR	Adam Bielan, Carlo Fidanza, Eugen Jurzyca, Beata Mazurek
GUE/NGL	Kateřina Konečnám, Anne-Sophie Pelletier
ID	Alessandra Basso, Markus Buchheit, Marco Campomenosi, Virginie Joron, Jean-Lin Lacapelle
NI	Miroslav Radačovský, Marco Zullo
PPE	Pablo Arias Echeverría, Deirdre Clune, Arba Kokalari, Andrey Kovatchev, Antonius Manders, Dan-Ștefan Motreanu, Kris Peeters, Andreas Schwab, Tomislav Sokol, Róza Thun und Hohenstein, Marion Walsmann, Ivan Štefanec
Renew	Andrus Ansip, Vlad-Marius Botoș, Dita Charanzová, Sandro Gozi, Svenja Hahn, Morten Løkkegaard
S&D	Alex Agius Saliba, Brando Benifei, Biljana Borzan, Maria Grapini, Maria-Manuel Leitão-Marques, Adriana Maldonado López, Leszek Miller, Christel Schaldemose
Verts/ALE	Anna Cavazzini, David Cormand, Alexandra Geese, Marcel Kolaja, Kim Van Sparrentak

0	-

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention