



POSITION ON THE (AMENDMENTS TO THE) DRAFT REPORT OF THE EP COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS ('ECON') ON THE PROPOSAL FOR A REGULATION TO MAKE PUBLIC MARKETS IN THE UNION MORE ATTRACTIVE FOR COMPANIES AND TO FACILITATE ACCESS TO CAPITAL FOR SMALL AND MEDIUM-SIZED ENTERPRISES (COM(2022) 762 final)

SUMMARY OF KEY MESSAGES

Eumedion, representing the interests of institutional investors who have more than € 8 trillion assets under management, has reviewed the (amendments to the) draft report of the EP ECON Committee's rapporteur Alfred Sant and would like to make some comments.

The threshold for the prospectus exemption for secondary issuances should not be raised

The European Commission's proposal raises the threshold for the prospectus exemption for secondary issuances of shares to 40 percent (art. 1 (4) and (5) Prospectus Regulation (PR)). As a consequence issuers can raise excessive amounts of capital from qualified investors without a prospectus. We believe that the proposal detracts from the objectives of the PR e.g. investor protection. Therefore we regret that the rapporteur and other ECON members also propose to raise the threshold for secondary issuances. **Should the European legislators move forward with that proposal, we believe that this raise should be limited. In that case we support the amendments 152, 157, 160, 164 and 166.**

Issuers should not be allowed to use an EU Follow-on prospectus when transferring to a regulated market

The European Commission's proposal allows certain issuers to use an EU Follow-on prospectus when transferring to a regulated market (art. 1 (4) (db) PR). We believe that further harmonisation should not go at the expense of an adequate level of investor protection. If a company wants the benefits of raising capital among a much larger audience of investors on a regulated market, it should serve its investors with all decision-critical information. **We therefore welcome the rapporteur's proposal (amendment 37) to delete the European Commission's proposal to allow certain issuers to use an EU Follow-on prospectus when transferring to a regulated market.**

The obligation for issuers to rank the risk factors based on materiality should be preserved

The European Commission's proposal deletes the existing obligation for issuers to rank the risk factors based on materiality (art. 16 PR). Eumedion strongly favours the preservation of this existing obligation since it has proven to be very effective in significantly increasing the information value of

prospectuses for both existing and potential investors. Therefore: **strong support for amendments 19 and 70.**

There should be no page-limit for prospectuses

The European Commission's proposal introduces a page-limit for prospectuses (art. 6 (4) and art. 14b (5) PR). A page-limit may ultimately result in providing a 'valid' excuse to not disclose relevant information because there was a page-limit. The need to adequately inform investors should always prevail over any perceived advantages of introducing a maximum length of the prospectus. Therefore: **we support the amendments 53, 62, 67, 115, 178, 179, 180, 207 and 213.**

Intermediate steps in protected processes should not be exempted from the obligation to disclose inside information to the public

The European Commission's proposal exempts information relating to intermediate steps in a protracted process from the obligation to disclose inside information to the public (art. 17 (1) Market Abuse Regulation (MAR)). As already mentioned in our statement on the European Commission's proposal we are of the opinion that the current disclosure obligation is both necessary and effective in protecting investors against harmful information asymmetry and supports the objectives of fair and well-functioning markets. We welcome the amendments that delete the proposal to exempt information relating to intermediate steps in protected processes from the obligation to disclose inside information to the public. Therefore: **strong support for amendments 132 and 245.**

The threshold for reporting and related disclosure with respect to transactions of persons discharging managerial responsibilities should not be raised

The European Commission's proposal raises the threshold for reporting and related disclosure with respect to transactions of persons discharging managerial responsibilities to € 20 000, while allowing competent authorities to increase that threshold further (art. 19 (8) and (9) MAR). We believe that the notification obligation for persons discharging managerial responsibilities is a preventive measure against market abuse and provides useful information to investors. We are not in favour of increasing that existing reporting threshold. **Should the European legislators move forward with this proposal, we believe that this raise should be limited. In that case we support amendments 285 and 286.** Furthermore we believe that competent authorities should not have the option to keep a higher threshold. There is no justification why the protection against market abuse and the provision of information to investors should differ from Member State to Member State. Therefore: **strong support for amendments 102, 289, 290 and 292.**

The timing of the notification to the national competent authority (NCA) to delay disclosure should be modified

We welcome the European Commission's proposal to introduce an obligation for issuers to notify the NCA immediately after the decision to delay disclosure (art 17 (4) MAR). This proposal would enable

NCA's to better identify possible cases of insider dealing. Therefore: **we are against amendments 134 and 256.**

For more information:

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