

The new Prospectus Regulation:

Key changes to the prospectus regime for equity issuers

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Overview

On 21 July 2019, the [EU Prospectus Regulation](#) (the Prospectus Regulation) is fully effective across the EU and repeals and replaces the Prospectus Directive from that date. It applies to all prospectuses approved on or after 21 July 2019.

While many aspects of the existing Prospectus Directive (PD) regime are retained under the new rules, the Prospectus Regulation does introduce a number of significant changes which are aimed at cutting “red tape” and making prospectuses less burdensome for issuers, whilst ensuring investor protection is maintained.

This article considers the key changes that the new Prospectus Regulation makes to the current prospectus regime for equity issuers.

The key changes for equity issuers include:

- **Summaries:** A mandatory Q&A format has been introduced, replacing the “elements” tabular format. Summaries will be shorter – a maximum of 7 sides of A4 in most cases – and must include no more than 15 risk factors.
- **Risk factors:** The rules relating to risk factors are more prescribed - they must be limited to risks that are specific to the issuer or the relevant securities and which are material for taking an informed investment decision. Risk factors should also be presented in categories (typically no more than 10) and in order of their materiality, with the most material risks mentioned first.
- **Universal Registration Document (URD):** There is a new form of shelf registration mechanism – the URD – for issuers admitted to trading on a regulated market or MTF. After an issuer has had its URD approved by its competent authority for two consecutive financial years, subsequent URDs can then be filed without prior approval.
- **Simplified disclosure regime for secondary issuances:** A new reduced disclosure regime replaces the current regime for pre-emptive offers. A simplified prospectus will be available for secondary offers where the issuer has had securities admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months.
- **Proportionate EU growth prospectus:** A new proportionate EU growth prospectus will be available for SMEs, mid-sized companies admitted to an SME growth market or for small issues (less than €20million) by non-listed companies.
- **Supplements:** New obligations are imposed on any relevant financial intermediary to inform investors of the possibility that a supplementary prospectus may be published and that there could be a right of withdrawal after that publication.
- **Advertisements:** The definition of “advertisement” has been changed, potentially extending the scope of communications that are deemed to constitute advertisements.
- **Exemptions:** There have been several changes to the exemptions from the requirement to publish a prospectus.
- **Other changes:** These include increasing the scope of information that may be incorporated by reference into a prospectus, changing the methods of publishing a prospectus and removing the requirement for audit reports to be prepared and included in respect of profit forecasts and estimates.

Background to the changes

In 2014, European Commission President Juncker kicked off the process of building a genuine EU Capital Markets Union (CMU) with a view to creating deeper, stronger and better capital markets in Europe to support jobs and growth. A review of the prospectus regime was identified as a short-term priority under CMU and in February 2015, the Commission published a consultation looking at various aspects of the regime, including prospectus scope, form, content and approval process. This was followed by the publication, in November 2015, of the Commission's legislative proposal for a new prospectus regulation to modernise the prospectus regime. This proposal was developed and debated by the EU institutions during the course of 2016, culminating in the publication of the Final Compromise Text in December 2016.

Changes take full effect on 21 July 2019

The Prospectus Regulation was published in the Official Journal on 30 June 2017 and becomes fully effective on 21 July 2019. Certain of its provisions became effective at an earlier date - July 2017 and July 2018 (see "Exemptions from the requirement to publish a prospectus" below) but the Prospectus Regulation applies in full to all prospectuses approved on or after 21 July 2019. The PD, together with its associated delegated regulation and disclosure annexes, will also be repealed from that date.

Format of Legislation

Unlike the existing PD, the Prospectus Regulation is directly applicable in Member States and so does not need to be implemented through national legislation. This should be helpful in achieving the goal of maximum harmonisation across the EU, as experience suggests that legislation with direct effect helps to avoid anomalies arising from separate implementation across Member States.

As with the PD, the Prospectus Regulation provides a framework for the prospectus regime with more detail being provided by Level 2 delegated regulations (which are also directly applicable.) The following delegated regulations have been published (or are shortly to be published) by the Commission:

- **Regulation (EU) 2019/980** on the format, content, scrutiny and approval of prospectuses (the Delegated Regulation.) The Delegated Regulation, which entered into force on 11 July 2019 and applies from 21 July 2019, details the following points of the policy framework laid down in the Prospectus Regulation:
 - the format of the prospectus and the specific information to be included in it
 - the reduced contents list and standard format of the EU growth prospectus
 - the reduced information to be included in a simplified prospectus for secondary issuances
 - the minimum information to be included in the URD and
 - the criteria for scrutiny of prospectuses and the URD.

The Annexes to the Delegated Regulation contain the detailed disclosure items that must be included in a prospectus for different types of issuer and circumstances.

- **Regulation (EU) 2017/1129** setting out regulatory technical standards (the RTS Regulation) on:
 - key financial information in the summary of a prospectus
 - the publication and classification of prospectuses
 - advertisements for securities

- supplements to a prospectus and
- the “notification portal” into which each competent authority will upload certificates of approval and electronic copies of prospectuses.

Again, the RTS Regulation entered into force on 11 July 2019 and applies from 21 July 2019.

- Delegated Regulation on information to be included in an exempted document relating to a takeover. ESMA has published its final technical advice to the Commission on this issue, and subject to the Commission’s endorsement, this advice will form the basis of the delegated regulation.

Level 3 ESMA guidelines continue to be relevant under the new regime. In particular, ESMA has published [Q&A on the Prospectus Regulation](#) which incorporates questions that were originally published in relation to the PD and which have been updated for the Prospectus Regulation. It has also published [guidelines on risk factors](#) under the Prospectus Regulation and [draft guidelines on disclosure requirements](#) under the Prospectus Regulation (with a final version of the disclosure guidelines expected in Q2 2020.)

The basic triggers for the requirement to publish a prospectus remain unchanged

Scope of new Prospectus Regulation

The basic triggers for the requirement to publish a prospectus are unchanged under the Prospectus Regulation, namely: (i) an offer of securities to the public in the EEA; and (ii) admission to trading on an EEA regulated market. It remains necessary to identify an exemption to each of these triggers in order to escape the prospectus requirement.

The Commission did consider expanding the scope of the new regime to admissions of securities to multilateral trading facilities (MTFs), but this proposal was not taken forward and admissions to MTFs remain outside of the scope of the new Regulation.

Key changes to the prospectus regime

Prospectus Summaries

The format and content requirements of the prospectus summary have been made considerably more prescriptive under the Prospectus Regulation. The changes are intended to reduce the length of the summary and to eliminate immaterial disclosures with a view to increasing the usefulness of the summary to investors. Consistent with the PD, the summary will still be required to provide the key information that investors need to understand the nature and risks of the issuer and securities.

The format of the new summary is modelled on the “key information document” (KID) required for packaged retail and insurance-based investment products (PRIIPs) under the PRIIPs Regulation. Where an issuer is required to produce a KID under the PRIIPs Regulation, parts of the summary may be replaced by the information contained in the KID.

Instead of the tabular format under the PD, summaries must now be written in a mandatory Q&A format and presented in language that is clear, non-technical, concise and comprehensible for investors. The maximum length has also been considerably shortened - from 7% of the prospectus or 15 pages under the PD, to typically no more than 7 sides of A4 under the Prospectus Regulation. As under the PD, the Prospectus Regulation prohibits any cross-referencing in the summary to other parts of the prospectus and prohibits the incorporation of information by reference.

Summary length reduced to typically no more than 7 sides of A4

To ensure a uniform structure, the summary is split into the following 4 sections:

- an introduction with prescribed warnings (including as to the investor’s potential loss)
- key information on the issuer (including key financial information for each financial year covered by the historical financial information and a brief description of the most material risk factors specific to the issuer)
- key information on the securities (including a brief description of the most material risk factors specific to the securities) and
- key information on the offer of the securities to the public and/or admission to trading.

The number of risk factors included in the summary is restricted to 15.

The [RTS Regulation](#) sets out regulatory standards specifying the content and presentation of the key financial information in the summary. It sets out six templates detailing the minimum key financial information disclosure requirements for different types of issuers and securities. An issuer also has the flexibility to include additional key financial information that it considers to be material and meaningful for investors (including alternative performance measures.)

More prescribed rules for risk factors have been imposed

Risk factors

Perhaps in response to the perception that risk factors in prospectuses have become primarily a risk management tool for issuers, with the benefit for investors being of secondary concern, the Prospectus Regulation sets out more prescribed rules for risk factors. The changes are designed to improve the quality and relevance of information disclosed in this section of the prospectus and to reduce its length.

Under the new regime, risk factors featured in a prospectus are limited to those risks “which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision.” Generic, disclaimer-type risk factors should not be included and ESMA expects competent authorities to challenge their inclusion in a prospectus (see [ESMA guidelines on risk factors under the Prospectus Regulation](#).)

Risk factors should be presented in a limited number of categories depending on their nature (typically no more than 10), with the most material risks listed first under each category.

The materiality of a risk factor should be assessed based on the probability of a risk occurring and the expected magnitude of its impact. As set out in the ESMA guidelines on risk factors, where possible, the prospectus should include a quantitative assessment of each risk. Where this is not available or appropriate, however, the description of the potential negative impact of a risk factor should be described using a qualitative approach (e.g. by using the scale of low, medium or high risk.) Risk factors must also be “corroborated” by the content of the registration document and securities note.

It seems likely that the emphasis on materiality, probability and magnitude will result in issuers spending more time tailoring the risk factors to be included in a prospectus. In turn, it also seems likely that national competent authorities will focus more of their time in reviewing the risk factors and be more willing to seek further information from issuers regarding their approach to the inclusion and presentation of relevant risk factors. This uncertainty could potentially cause delays to the prospectus approval process.

Universal Registration Document

The Prospectus Regulation introduces the concept of a “Universal Registration Document” (URD) along the lines of the North American “shelf registration” process. This will give frequent issuers with securities admitted to trading on either a regulated market or an MTF, the option of maintaining a generic document that will function as the registration document component for future prospectuses. The URD will contain information on the issuer’s organisation, business, financial position, earnings and prospects, governance and shareholding structure. Information can be incorporated by reference into the URD. The minimum information to be included is set out in the [Delegated Regulation](#).

A URD will have to be filed annually and must be approved by the relevant competent authority for at least the first two years. Once a URD has been approved for two consecutive years, subsequent URDs may be filed without prior approval. The competent authority, will, however, still be able to review the URD and require amendments to be made. If an issuer fails (after two consecutive years) to file a URD, the benefit of filing without prior approval will be lost and subsequent URDs will need to be submitted for approval until the two consecutive years condition is met again.

Filing a URD gives an issuer “frequent issuer status” which may allow the issuer to benefit from a faster 5 days prospectus approval process (reduced from the current 10 days.) This accelerated process may well provide a useful benefit for some, but it should be noted that the competent authority must be given an additional five days’ notice before submission of the prospectus for approval and also that if a URD has only been filed with the competent authority (rather than being approved) it must be subsequently approved before it can be used as part of a prospectus.

To retain the status (and potential benefits) of being a “frequent issuer,” a company must file a new URD each year and must, at that time, confirm in writing that it has filed all regulated information which it was required to disclose under the Transparency Directive and the Market Abuse Regulation. Typically, an issuer would update its URD when it publishes its annual financial results.

In theory, a URD may be attractive to frequent issuers but the effort and cost required to initially draw up a URD and to update it at least annually, is likely to reduce the number of issuers who may otherwise have used it.

The reduced disclosure regime for secondary issuances has been expanded

Reduced disclosure regime for secondary issuances

The proportionate disclosure regime in the PD, (introduced in 2010), applies to certain pre-emptive secondary offerings of equity securities. Very few issuers have taken advantage of these reduced disclosure requirements, however, and for those that have, the Commission believed that the regime did not go far enough and still required unnecessary information to be disclosed.

The Prospectus Regulation introduces a reduced disclosure regime for secondary issuances that has been extended to cover not only shares, but also any securities where those securities have been admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months. Companies that issue more securities of the same class will have the option to make use of a “simplified” prospectus containing “reduced” information. To qualify for this reduced disclosure, the secondary issue need not be pre-emptive.

The Prospectus Regulation introduces the EU growth prospectus

The detailed content requirements for the simplified prospectus are set out in the [Delegated Regulation](#). In general, it is assumed that investors are already familiar with the issuer, so disclosure is mainly focused on changes that have occurred since the last financial year end, as well as the reasons for the fundraising and its impact on the issuer's capital structure.

As would be expected, several items that would normally be disclosed in a full prospectus are not required under the simplified regime. These include an operating and financial review, organisational structure, capital resources, remuneration and benefits and board practices.

As was the case under the PD proportionate disclosure regime, an issuer is unlikely to be able to take advantage of the new simplified prospectus where its offering includes a U.S. component. If a 10b-5 disclosure letter is being delivered to underwriters, they are likely to continue to require a full prospectus due to the requirement in US Rule 10b-5 to include all material facts in the disclosure document and their potential liability if any material fact is omitted or is untrue.

Simplified disclosure regime for SMEs

One of the key political aims of CMU is to enable SMEs to gain easier access to capital markets. Although a proportionate disclosure regime for SMEs and companies with "reduced market capitalisation" was introduced in the PD in 2010, very few companies took advantage of it. Again, the Commission thought that this PD reduced regime did not go far enough and, therefore, the Prospectus Regulation introduces an expanded and reformulated regime for SMEs.

The Prospectus Regulation introduces the concept of the "EU growth prospectus" – a proportionate disclosure regime for:

- SMEs – companies which either (i) satisfy at least two of the following criteria: less than 250 employees; net assets of €43 million or less; and annual turnover of €50 million or less or (ii) have a market capitalisation of less than €200 million
- Mid-sized companies – less than €500 million 3-year average capitalisation with securities traded on an SME growth market or
- other issuers where the total consideration of the offer in the EU does not exceed €20 million calculated over 12 months and provided that the issuer does not have any securities traded on an MTF and its average number of employees during the previous year does not exceed 499.

In all cases, the EU growth prospectus will not be available where the issuer/offeree has any securities admitted to trading on a regulated market.

The prescribed format and detailed content of the EU growth prospectus are set out in the [Delegated Regulation](#) and individual disclosure items have been adapted to an issuer's size and the complexity of their operations. In certain instances, disclosure of an item is not required at all (e.g. statutory auditors) whereas in others, reduced disclosure is required (e.g. principal activities and markets.) As in the case of an equity registration document, an independent accountant's report will not be required for profit forecasts and estimates included in the EU growth prospectus.

Again, an issuer is unlikely to be able to take advantage of the new EU growth prospectus where its offering includes a U.S. component (see "Reduced disclosure regime for secondary issuances" above.)

Supplements

The key aspects of the supplementary prospectus regime under the Prospectus Regulation are broadly unchanged from those under the PD. (The RTS Regulation specifies situations when a supplement is to be published and these are broadly similar to the existing regime.) However, the Prospectus Regulation imposes a new specific disclosure obligation on financial intermediaries in connection with the publication of a supplementary prospectus.

Where securities have been purchased or subscribed through a financial intermediary, the financial intermediary must inform investors of the possibility of a supplementary prospectus being published, where and when it will be published and that there could be a right of withdrawal. The financial intermediary must also contact investors on the day that the supplement is published.

This new requirement will undoubtedly impose increased administrative burdens on financial intermediaries and practically, it may be difficult for them to determine when there is a “possibility” of a supplement being published.

Definition of “advertisement” has been broadened in scope

Advertisements

The general requirements for advertisements under the Prospectus Regulation are broadly consistent with the regime under the PD – they must be clearly recognisable as advertisements, they must be consistent with the information included (or to be included) in a prospectus and they must not contain inaccurate or misleading information.

There is a key difference between the two regimes, however, in that the Prospectus Regulation broadens the definition of advertisement so that it covers any “communication” (as opposed to “announcement” under the PD) with both of the following characteristics:

- relating to a specific offer of securities to the public or to an admission to trading on a regulated market and
- aiming to specifically promote the potential subscription or acquisition of securities.

This broader definition potentially extends the scope of communications that could be deemed advertisements (for example emails and telephone calls) and is expected to catch most offering materials (written and oral) provided to investors after launch of an offer. Issuers will have to exercise increased care to ensure consistency across all relevant communications and to ensure that the requirements of the Prospectus Regulation (and the provisions on advertisements in the RTS Regulation) are complied with.

Exemptions from requirement to publish a prospectus

- **Fungible securities:** A prospectus is not required under the Prospectus Regulation for the admission to trading of securities representing less than 20% of the same class of securities already admitted to trading on the same regulated market (over a 12 months period). This is an increase from the 10% threshold under the PD. The increased exemption also applies to all securities whereas the PD exemption was limited to “shares” only.

New disclosure obligation imposed on financial intermediaries in connection with supplements

This change came into effect on 20 July 2017 and was intended to provide greater flexibility for issuers. This flexibility may be limited in practice for several reasons, including where other regulatory regimes still require the preparation of an offering document or due to the need for shareholder approval. For example, current guidance from UK institutional investor bodies is for shareholders to vote in favour of resolutions seeking

authority to issue shares representing up to a maximum of 10% only of the shares already admitted to trading.

- **Conversion/exchange:** The Prospectus Regulation maintains the exemption in the PD whereby no prospectus is required for the admission of shares resulting from the conversion, exchange or exercise of rights of other securities, provided that the resulting shares are of the same class as those already admitted to trading on the same regulated market. It does, however introduce a cap on the use of this exemption so that the number of new shares resulting from the conversion, exchange or exercise of rights must not exceed, over 12 months, 20% of the number of shares of the same class already admitted to trading. This change applied early, from 20 July 2017.

The Prospectus Regulation includes a carve-out so that the 20% cap will not apply in specific circumstances, including where a prospectus was drawn up in relation to the securities giving access to the shares, where those securities were issued before the date that the Regulation came into force or where the resulting shares qualify as Common Equity Tier 1 (i.e. the shares result from the conversion of certain capital instruments issued by banks if the bank's capital ratios fall below set levels.) Although this conversion/exchange exemption can expressly be combined with the 20% fungible shares exemption (see above) this is prohibited if combining the exemptions could lead to the admission to trading without a prospectus of more than 20% of the shares of the same class already admitted, over a 12 months period. There is no equivalent restriction in the PD.

- **Small offers:** A prospectus is not required under the Prospectus Regulation for offers of securities to the public with a total consideration in the EU of less than €1,000,000 calculated over a 12 months period. This is an increase from the PD threshold of €100,000. In addition, offers below this threshold are now entirely outside of the scope of the Prospectus Regulation and Member States are specifically prohibited from imposing their own prospectus requirements (though they may introduce other disclosure requirements provided they are not disproportionate). This change applied early, from 21 July 2018.
- **Higher offer threshold:** The Prospectus Regulation gives Member States the option to exempt offers where the total consideration of each offer in the EU does not exceed €8,000,000 over a 12 months period. (This is in contrast to the PD where offers with a total consideration in the EU of less than €5,000,000 were entirely outside of the scope of the PD.) The Prospectus Regulation voluntary exemption only applies, however, to offers that are not subject to a passporting notification under Article 25 of the Regulation. Member States must notify the Commission and ESMA whether and at what monetary threshold they intend to exercise this discretion. This change applied early, from 21 July 2018.

Taken together, the two new offer thresholds introduced by the Prospectus Regulation mean that each Member State can set its own figure between €1,000,000 and €8,000,000 below which a prospectus will not be required. The fact that each Member State may impose national disclosure requirements for offers below its own exemption threshold adds to the uncertainty that exists for offers falling within this monetary range. To help provide transparency around this issue, ESMA has published a [document](#) listing the various public offer thresholds that individual Member States have chosen to adopt. The document contains information provided by national competent authorities setting out a short description of the national thresholds below which no prospectus is required, a summary of any national rules which apply to offers below that threshold, and hyperlinks to the relevant national legislation and rules. ESMA intends to keep the information in the document updated as it receives notifications from Member States.

- **Takeover/Merger exemption:** Both the PD and the Prospectus Regulation exempt securities offered in connection with a takeover or a merger/division from the requirement

to publish a prospectus. Under the PD, however, a document regarded by the relevant competent authority as “equivalent” to a prospectus must be available. This means that any such document must be vetted by the relevant competent authority and competent authorities in different Member States have taken different views on what constitutes an “equivalent” document.

In contrast, the Prospectus Regulation no longer requires the publication of an “equivalent” document but still requires the issuer to publish an “exempted document” that contains prescribed information “describing the transaction and its impact on the issuer.” On 29 March 2019, ESMA published its [final technical advice](#) to the Commission on the minimum information content for such exempted documents and subject to its endorsement, this technical advice will form the basis for the delegated regulation to be adopted by the Commission. As an exempted document is not a prospectus, it will not have to be approved by a competent authority and the liability regime for a prospectus will not apply to it.

- **Employee exemption:** To ensure equal access to employee share schemes, the employee exemption in the Prospectus Regulation no longer differentiates between employer companies established in or outside the EU (as was the case under the PD.) It exempts securities offered to directors or employees by their employer (or an affiliate) provided that the securities are of the same class as those already admitted to trading on the same regulated market and that a document is available containing information on the securities and the details of the offer. The change to this exemption means that an “equivalence” decision relating to securities admitted to third country markets should no longer be required.

Others

The Regulation introduces several other changes to the prospectus regime, including the following:

- **Incorporation by reference:** The Prospectus Regulation significantly increases the scope of the information that may be incorporated by reference into a prospectus. As well as incorporating by reference all historic annual and interim financial information, an issuer will also be able to include other documents that have been previously or simultaneously published electronically, such as corporate governance statements, asset valuation reports and management reports. When in electronic format, a prospectus will have to contain hyperlinks to all documents containing information that is incorporated by reference.
- **Publication:** The Prospectus Regulation removes the ability to “publish” a prospectus by inserting it in one or more newspapers or in printed form. All prospectuses must now be published in electronic form and will be deemed to be published when made available on either (i) the website of the issuer, the offeror or the person asking for admission to trading; (ii) the website of the financial intermediaries placing or selling the securities or; (iii) the website of the regulated market where the admission to trading is sought, or where a regulated market is not relevant, the website of the operator of the MTF. Investors may still, however, request a paper copy of the prospectus.
- **Audit reports on profit forecasts/estimates:** It will no longer be mandatory to include an auditor’s report in a prospectus in respect of profit forecasts and estimates. However, the prospectus will still need to include a statement that the forecast or estimate has been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the issuer’s accounting policies. In addition, the existing rules under the PD concerning the reasonableness and full disclosure of assumptions that were used in preparing the profit forecast or estimate remain applicable under the new regime. It seems likely that issuers will continue to seek an auditor’s report to mitigate the general risks associated with making profit forecasts and estimates but it is expected that

Auditor’s report no longer required in a prospectus in respect of profit forecasts and estimates

auditors will only offer that type of report on a private basis (rather than including it in the prospectus.)

UK implementation and Brexit

Whilst still a Member State, the Prospectus Regulation (as an EU regulation) is directly applicable in the UK. However, some legislation is necessary to fully implement it and to that end, the [Financial Services and Markets Act 2000 \(Prospectus\) Regulations 2019](#) come into force on 21 July 2019. This statutory instrument gives effect to the Prospectus Regulation through amendments to the Financial Services and Markets Act 2000 (and certain other legislation) to ensure that UK legislation is compatible with the new Prospectus Regulation and that it is effective and enforceable in the UK from 21 July 2019. It also designates the FCA as the competent authority for the purposes of the new regime.

On 15 July 2019, the Financial Conduct Authority (FCA) published the final [Prospectus Regulation Rules Instrument 2019](#), which provides for the revocation of the Prospectus Rules sourcebook and its replacement with the Prospectus Regulation Rules sourcebook (PRR sourcebook.) The PRR sourcebook is attached as Annex A to the instrument. Again, this instrument comes into force on 21 July 2019.

New Prospectus
Regulation Rules
sourcebook from
21 July 2019

The FCA has confirmed that any issuer seeking approval of a draft prospectus on or after 21 July 2019 must do so under the Prospectus Regulation and in accordance with the new PRR sourcebook. Any applications submitted to the FCA on or after 21 July 2019 containing a draft prospectus that conforms to the Prospectus Directive and the Prospectus Rules sourcebook will not be valid and will not be approved.

Where a prospectus has been approved under the Prospectus Directive regime before 21 July 2019, it will be governed by national law under that regime for 12 months after 21 July 2019 or until the end of the prospectus' validity. For example, if an issuer has had a prospectus approved by the FCA on 20 July 2019, it will be approved under the existing Prospectus Directive regime and that prospectus will be governed by UK law implementing the Prospectus Directive until the end of its validity, or for up to 12 months from that date, whichever occurs first.

The Prospectus Rules sourcebook as at 20 July 2019 will still be available using the "show timeline" facility in the FCA Handbook to provide legal certainty to issuers regarding prospectuses approved under the Prospectus Directive regime. The FCA's website also includes sections on submitting a prospectus or circular and forms and checklists, which highlight the different disclosure requirements under the current and future regimes.

If the UK ceases to be a Member State on 31 October 2019 (or later) with no Withdrawal Agreement in place between the UK and the EU, then the UK prospectus regime existing on the date of withdrawal is expected to continue broadly unchanged for the foreseeable future. That regime will include the new Prospectus Regulation. It will no longer be possible, however, to passport a prospectus from the UK to a Member State or vice versa.

If the UK leaves the EU with a Withdrawal Agreement in place, then the Prospectus Regulation will continue to apply in the UK until the end of the transition period under the Agreement. It will, therefore, still be possible to passport a prospectus from the UK to a Member State (or vice versa) until the end of that transition period.

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