

PROPOSALS ON THE PROSPECTUS REGULATION LEVEL II

3 April 2017

Introduction

EuropeanIssuers, representing the interests of companies quoted on the stock exchanges in Europe, is strongly supportive of the Capital Markets Union and particularly welcomes the revision of the EU Prospectus rules. We commend the efforts by policymakers to increase and facilitate access to funding across Europe.

From 2015, we have worked with the EU institutions on the Prospectus Regulation to help EU policymakers revise overly burdensome prospectus rules and ensure an alleviation that could make a change for companies and promote listing and capital markets in Europe while maintaining appropriate levels of investor protection.

Despite the great ambition of EU policymakers and some ensuing positive changes, we fear that the latest revision of the prospectus rules¹ has not brought major relief for those companies seeking to access capital markets nor to those already listed. Nevertheless, the level II measures will now play a key role in shaping the final prospectus rules. Therefore, it is vital to leverage on the aspects where some progress was made.

We call for the Commission and ESMA, developing the level II measures, to adopt a holistic approach and alleviate constraints of both smaller and larger companies, both tapping on capital markets for the first and consecutive time. While access of smaller companies seeking capital finance for the first time should be facilitated, we would like to remind that European capital markets should remain an attractive place also for already listed / quoted companies, including the larger ones. Otherwise, they may seek other forms of financing elsewhere.

Working with our members across Europe, we have put together our proposal for the minimum disclosure requirements which we believe would optimise fundraising and access to finance for companies, including secondary issuances and EU Growth Prospectus. They are based on the following principles:

- **Adopt a holistic view to alleviate disclosure requirements**

The Commission will be empowered to adopt delegated acts to supplement the Prospectus Regulation on various topics. **These delegated acts could bring significant relief for companies, building on the solid existing reporting and disclosure framework** (market abuse, transparency, IFRS, non-financial reporting...).

- **Keep it simple and flexible**

Implementing measures should not restrain the current flexibility of the prospectus regime. The Regulation should not prevent issuers from including additional information if they wish so. Issuers should also be free to choose the order of information in a prospectus (e.g. to describe the activities before the risk factors).

More use of **incorporation by reference of documents in a prospectus should be encouraged**. Especially the information included in the subsequent half yearly and yearly report should be incorporated by reference. These reports present information in a useful, known and proven way. Duplication in the prospectus is unhelpful and

¹ Political agreement struck in December 2016

makes the prospectus more complex. While this is well recognised in level I of the Prospectus Regulation, we would like to see this approach being implemented and followed by all National Competent Authorities.

- **Foster supervisory convergence**

Supervisory convergence is essential to harmonise best practices and ensure an efficient approval process. The work of ESMA to **harmonise practices among National Competent Authorities through peer review, training and guidelines, is of paramount importance** to reduce the administrative burdens and time delays faced by issuers both in the case of IPOs and subsequent capital increases. We would also like to warn against any measures that would result in additional burdens on companies.

- **Financial literacy is key to strengthening investor protection...not warnings**

Investor protection is best achieved with enhanced investor literacy and greater convergence in the practices of National Competent Authorities, not through adding more disclosures.

Technological evolution breaks up the linearity of information. Investors do not read prospectuses from the first to the last page and the flow of information will be even more fragmented in the future with multiple formats. Requiring additional disclosures will not improve the protection of retail investors. It is therefore **key to enhance investors' financial and economic literacy** to ensure that they can access and analyse all available information, identify what is missing and ask (themselves) the right questions.

Investor literacy is not addressed by the CMU action plan. It should be a priority for all competent authorities and the Commission as it could be one of **the most efficient drivers of confidence in financial markets**.

1. The content and format of the prospectus

Assessment and presentation of risk factors

We very much welcome the approach of first developing the guidelines, instead of more prescriptive rules.

Companies, especially larger ones, already have in place processes to identify and manage risks. They also apply internal control policies compliant with either domestic or international frameworks (e.g. COSO). While setting up some high-level guidelines could help smaller companies, **any detailed provisions would be difficult to elaborate and could conflict with issuers risk management policies**. Therefore, we support the development of very high level and flexible guidelines.

Regarding the presentation of risk factors across categories, risks could be presented in accordance with the following categories:

- Legal risks
- Industrial and environmental risks
- Credit and counterparty risks
- Operational risks
- and Financial risks including liquidity risk and exposure to financial instruments and markets, interest rates, exchange rates and commodities.

We also encourage EU policymakers to take into consideration the specific case of **dual-listed issuers whose securities are traded on EU and US markets** and adopt a pragmatic approach to ensure that these issuers can comply with all regulations without incurring increased costs and/or liability.

Financial Information

We believe that the **financial statements covering the period of the 12 months prior to the approval of the prospectus for the last financial year** are sufficient.

Also, where historical financial statements are to be incorporated by reference in a summary of prospectus, we question whether this section in a registration document is really needed, especially given that the prospectus summary will already contain a section on key financial information.

Relationship between the issuer and advisers

We believe that current disclosure requirements regarding the nature and terms of any material relationship between the issuer and an adviser (an underwriter, financial adviser, etc.) are sufficient. Advisers have rules and internal procedures to manage conflicts of interest. Any expansion of such disclosure in a prospectus could be detrimental especially for the Growth Companies.

Please see **annex 1** for more detailed proposals regarding what should be provided in a registration document.

2. Prospectus Summary

ESG aspects

We are not supportive of the idea to require ESG disclosures in prospectuses, and especially in the prospectus summary given its already restricted length. Companies are already required to provide non-financial and diversity information in line with the requirements of Directive [2014/95/EU](#) applicable from 2017 (first non-financial statements to be published from 2018). This Directive requires European public interest entities (including listed companies), employing more than 500 employees, to draw up a yearly non-financial statement with information on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. **Requiring to provide such information also in prospectuses would be an unnecessary duplication and burden, especially for smaller companies.**

Key financial information

The Regulation requires that companies should provide a selection of historical key financial information presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year.

The Regulation also stipulates that key financial information shall, where applicable, include:

- pro forma financial information;
- a brief description of any qualifications in the audit report relating to the historical financial information.

When defining, the key financial information regarding the issuer, ESMA should keep key financial information requirements simple and short to meet its objective of simplifying the prospectus summary. Moreover, the restriction of the prospectus summary length should be kept in mind. For instance, covering all types of issuers and business sectors could be very complex. Also, duplication of information should be avoided, e.g.: information on **material tangible fixed assets** is provided in the financial statements, and where essential for the activity, one can expect explanations in the presentation of the issuer. Such requirements could result in unnecessary technical disclosure and increased costs for the issuer.

We suggest ESMA only **defines the type of key financial information required and the principles they should comply with** (comparability, consistency...).

3. Disclosure regime for secondary issuances – Article 14

While we applauded the great ambition of the co-legislators to truly alleviate the prospectus for EU Growth companies, we are somewhat disappointed by the very few alleviations for secondary issuances. **Information required in Level 1 could have been more simplified compared to what is currently required in the standard prospectus for shares and the proportionate prospectus for right issues.** We would like to remind that many smaller companies could also be interested in secondary offers if it is not overly burdensome.¹ Also, in many markets secondary offers constitute an important share of all offers.²

It is very important to **ensure that level I is respected and to avoid any requirements** going beyond it. For instance, it should be clear that the only and sufficient requirement to benefit from the regime for secondary offers is to have securities continuously admitted to trading for 18 months. Any additional requirements (e.g. a minimum period from initial admission and subject to compliance with applicable Transparency / MAR requirements) should not be added.

While elaborating the new prospectus schedules, and especially for secondary issuances, a **guiding principle should be that all information already made public by companies should not be required.** It should be emphasised that the information specifically required by the Regulation in level I (e.g. financial statements), which is already public, can be incorporated by reference. **The schedules should focus on the securities offered and/or admitted to trading and the impact of the transaction on the issuer and the shareholders.** Implementing measures should ensure maximum flexibility (also in the order of displaying the information).

To ensure supervisory convergence, we suggest specifying in level II that the disclosure requirements outlined below are considered **minimum requirements** and that **issuers are free to include additional information**, if they wish so.

Some of our more detailed recommendations are:

- **Profit forecasts**

Article 14 of the Prospectus Regulation, prescribing the schedules applicable under the simplified disclosure regime, mentions profit forecasts and estimates but only where applicable. Companies that do not publish profit forecast should not be required to do so in prospectuses. We would like to emphasise that **it is not the job of issuers to publish profit forecasts.** Responsibilities of the companies' board and management is to present and explain the financial situation and the strategy of the company. While it is the job of financial analysts, portfolio managers and investors to build their own anticipations.

Moreover, we believe that the requirement to include an **auditor's statement** in case a profit forecast is included in a prospectus, **should be removed, both for equity and debt.** It has been an unjustified burden for companies and can be problematic. It is the role of the advisers placing securities to ascertain the appropriateness of profit forecasts and due diligences.

¹ According to the [OECD report](#) (p. 6), within four years after they first entered the stock market, 37% of smaller growth companies raised additional equity capital through a secondary public offering

² E.g. approx. 30% of offers on LSE

- **Market Abuse information**

Instead of requiring a summary of price sensitive information disclosed under MAR over the last 12 months, we suggest companies provide a link to the dedicated webpage with all MAR disclosures. This information is highly sensitive and therefore producing a summary could result in omitting certain important information and exposing the company to high levels of liability. The requirement of the 2003 Directive to provide a list of all information published over last 12 months, was repealed. Requiring a summary of MAR information may be a change for worse.

- **Annual and interim financial information**

The Prospectus Regulation requires that the annual and interim financial information published over the last 12 months shall be included in the secondary issuance prospectus. **We do not see any value added in including half year 2016 financial information when full year 2016 information is available and included in the prospectus.** Therefore, we ask for a practical approach in that respect.

- **ESG aspects**

We understand that ESMA is considering whether to require ESG disclosures in prospectuses including secondary offers. We advise against requiring such disclosures, as it runs counter to the objective of encouraging public capital markets finance, and promoting growth and jobs. Instead, it would duplicate already existing requirements, increase administrative burden, and possibly discourage companies from listing and increasing market fragmentation.

Companies are already required to provide non-financial and diversity information in line with the requirements of Directive [2014/95/EU](#) applicable from 2017 (first non-financial statements to be published from 2018). This Directive requires European public interest entities (including listed companies), employing more than 500 employees, to draw up a yearly non-financial statement with information on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. **Requiring to provide such information also in prospectuses would be an unnecessary duplication and burden, especially for smaller companies.** Moreover, such requirement is not provided for in the Prospectus Regulation level I and therefore would go beyond the level I mandate.

- **Description of the securities**

Regarding the securities note, **the description of the securities** offered and/or admitted to trading **should be limited to information required in the summary** (the issuer is listed and issuing securities of the same class than those already traded).

- **Tax regimes**

We consider that it is not the duty of the issuer to provide information on applicable tax regimes and, therefore, **no disclosure regarding taxation should be required.** Moreover, taxes vary from one Member State to another, and therefore in the case of international offers it would be difficult, if not impossible, for the issuer to provide such information.

- **URD as a registration document for secondary offers**

Issuers that have filed a URD should be able to use it to build a tripartite prospectus. These issuers would then only draft a specific securities note for secondary issuances and a summary. They would also have to include a concise summary of price sensitive information disclosed over the last 12 months, as required by article 14 of the 2017 Prospectus Regulation. The latter requirement could however be complied with **by incorporation by reference of the relevant information.**

- **Identity of the auditor**

There is no value added in requiring disclosure of the identity of the auditor as this is already contained in the historical financial statements.

For more details please see:

- Annex 2, with a more detailed analysis of the information that should be disclosed in a secondary issuance securities note;
- Annex 3, with a mock-up of a simplified securities note for shares based on our proposals.

4. Disclosure regime for EU Growth Prospectus – Article 15

To ensure compliance with art. 15 of the Prospectus Regulation, requiring a proportionate disclosure regime, content of the EU Growth Prospectus should rely on the essential information that the investors need. We suggest to specify in level II that the detailed disclosure requirements are considered **minimum requirements** and that **companies are free to include additional information**, if they wish so.

We encourage policymakers to focus on how to truly alleviate requirements for smaller companies, instead of focusing on riskiness of smaller companies, while designing the specific schedules. Otherwise, we may again end up with an overly burdensome regime.

Our more detailed recommendations are:

- Companies **should have the flexibility to present the information** in the order they prefer. Requiring the prior consent of the NCA to allow issuers to deviate from the mandatory order would represent a step backwards, given that currently, issuers have an option to choose the order if they draw a concordance table.
- We believe it would be **unhelpful to develop and adopt another set of accounting standards for MTFs or SME Growth Markets**. Companies using the EU Growth Prospectus regime should have the choice to use their local accounting standards (GAAP) or full IFRS.
- **ESG disclosures should not be required in the Growth Prospectus** and especially in the prospectus summary given that the length is already quite restricted. Companies are already required to provide non-financial and diversity information in line with the requirements of Directive [2014/95/EU](#) applicable from 2017 (first non-financial statements to be published from 2018). This Directive recognises the more limited resources of smaller companies and requires only the public interest entities employing more than 500 employees to draw up a yearly non-financial statement¹. **Requiring to provide such information especially in the EU Growth Prospectus would create a disproportionate burden and run counter to the objective of simplifying current disclosure.**
- The Financial Statements from one financial year should be sufficient. If the latest Financial Statements are not final, in order not to delay an IPO, a link to a webpage with the most updated accounts could be provided.
- Only if material, effects of the organisational structure of the company should be required to be disclosed.
- There is no need to disclose information on the role of professional advisers in a prospectus. This would provide too much details. Instead, focus should be given to the disclosure standards being met.

¹ with information on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters

- The EU Growth Regime does not provide for the disclosure of information on large shareholders, but only refers to: “Shareholders' information: The purpose is to provide information about legal and arbitration proceedings, conflicts of interest and related party transactions as well as information on the share capital.”¹ Therefore, it should not be required, otherwise we will not achieve a truly alleviated regime.

For more details please see the EU Growth Prospectus specimen developed by the QCA in the separate enclosure.

Lastly, we believe that companies transitioning from a SME Growth Market to a regulated market should not face additional unnecessary burdens. We believe that these issuers **should be exempt from producing a full prospectus when joining a regulated market from a SME Growth Market**, as they would be already compliant with disclosure requirements imposed by EU Directives and the need to produce a full prospectus would only translate into an unnecessary increase of costs.

5. Prospectus for debt securities

There should be separate schedules for equity and non-equity prospectuses. Many requirements are not appropriate for non-equity prospectus (e.g. announcements for share buybacks). Some of the currently required information does not seem very essential for investors (e.g. director dealings, ad hoc announcements).

The Commission has established an expert group to analyse and reflect on the functioning of corporate bond markets. **This expert group may put forward recommendations in September 2017 that could contribute to building the relevant prospectus schedules.**

6. The Universal Registration Document

To ensure that the new URD regime is proportionate and attractive to issuers, the Commission could benefit from the experience of France, where around 50% of the companies listed on Euronext Paris, file a registration document “document de référence” (based on Annex I of regulation n°809/2004) on a voluntary basis. It is worthwhile to note that most registration documents published by French Issuers, while complying with the requirements of the above-mentioned annex, choose the order in which they wish to display the information.

STATUS

Companies **should only be required to file a confirmation** (art.9.11 (a) of the 2017 Prospectus Regulation) **when the URD is used to build a tripartite prospectus**. It is not the purpose of this regulation to regulate compliance with the provisions of the Transparency Directive and Market Abuse Regulation. **The content of the abovementioned confirmation should be straightforward and should not increase or extend the scope of issuers' liability.**

We believe that NCAs should notify issuers in case of loss of the status of frequent issuer. It is not troublesome to having automated notifications, while it can be problematic for issuers to keep checking such information. NCAs will also have to deal with more frequent issuers' queries.

CONTENT

Based on the examples of French Registration Document (document de référence), we would propose that the Universal Registration Document includes sections covering the following topics (as mentioned the order should be voluntary):

¹ Annex V

1. Presentation of the company/group and of its activities (including selected financial data and risks factors)
2. Corporate governance and directors remuneration
3. Management report
4. Individual and consolidated financial statements
5. Stock market and share capital information
6. Additional information (including statement of responsibility, material contracts, articles of association, concordance tables...)

Recommendations:

Building on the experience and practice of French companies, it is important to ensure **flexibility** for companies to:

- choose the order of information;
- group information and merge the different sections to avoid repetition;
- use incorporation by reference and cross references between different sections¹;
- include additional information if they wish so².

Overall **the current content of Annex I of regulation n°809/2004 is relevant to set the minimum disclosure requirement of the URD** although with some alleviations.

Please see Annex I for a more detailed analysis of information that should or should not be included in the URD, based on Annex II of the 2017 Prospectus Regulation and on Annex I of regulation 809/2004.

7. Approval of prospectuses (Article 19(10))

The scrutiny of prospectuses, in particular the completeness, comprehensibility and consistency of the information contained therein, and the procedures for the approval of the prospectus (Article 19(10)).

Supervisory convergence is essential to avoid arbitrage, harmonise practices and ensure an efficient approval process. Moreover, a harmonised approval process will ensure a level playing field among companies in raising capital. Therefore, the work of ESMA to **harmonise practices among National Competent Authorities, through peer review, training and especially guidelines** is of paramount importance.

While supportive of the supervisory convergence, we would like to underline the importance of promoting best practices only. We would like to ward off any measures that could result in further increasing the time of the approval or additional burdens for the companies. Any additional documents should be requested from the company at once, avoiding prolongation of the approval time.

8. Other

Information to be published to benefit from the exemption of prospectus for securities offered and/or admitted to trading **in connection with a takeover by means of an exchange offer, a merger or a division should be significantly lighter and limited to key information regarding the transaction and its impact**, taking into account the disclosures required either by company law or by other pieces of EU legislation.

¹ E.g. annex I requires information on property, plants and equipment while this information is already provided in notes to financial statements which are part of prospectus;

² e.g. some companies include for instance draft resolutions for the annual shareholders meeting

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU Institutions. As at 31 December 2014, there were 13 225 such companies on both the main regulated markets and the alternative exchange-regulated markets. Our members include both national associations and companies from all sectors in 14 European countries, covering markets worth € 7.6 trillion market capitalisation with approximately 8000 companies.

We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer-term. We seek capital markets that serve the interests of their end users, including issuers.

For more information, please visit www.europeanissuers.eu

1 Proposal for Possible alleviations for a new Registration Document for a Prospectus and for a URD schedule

The following table suggests some concrete alleviations for a Prospectus Registration document which can be used both for IPOs and for URD. It is an analysis based on the information currently required under Annex I Regulation 809/2004.

Annex I Regulation 809/2004	Possible alleviations for new RD/URD schedule
1. PERSONS RESPONSIBLE	
2. STATUTORY AUDITORS	Identity of current and new auditors will be in the audit reports included the registration document. We don't see the need for this specific item.
3. SELECTED FINANCIAL INFORMATION	
3.1. Selected historical financial information regarding the issuer, presented for each financial year for the period covered by the historical financial information, and any subsequent interim financial period	Selected financial information should only cover full financial years.
3.2. If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year must also be provided	Selected financial information should only cover full financial years.
4. RISK FACTORS	
5. INFORMATION ABOUT THE ISSUER	
5.1. History and development of the issuer	
5.2. Investments	Description of investments should only be required for the last financial period. Wording could be changed and refer to « significant investments » and not « principal ».
6. BUSINESS OVERVIEW	
6.1. Principal Activities	
6.2. Principal Markets	
6.3. Exceptional factors	
6.4. Dependency on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.	
6.5. The basis for any statements made by the issuer regarding its competitive position.	
7. ORGANISATIONAL STRUCTURE	
7.1. Description of the group and the issuer's position within the group.	
7.2. A list of the issuer's significant subsidiaries.	This would be included in the notes to the consolidated financial statements.
8. PROPERTY, PLANTS AND EQUIPMENT	
8.1. Existing or planned material tangible fixed assets.	This would be included in the financial statements and the notes.
8.2. Environmental issues that may affect the issuer's utilisation of the tangible fixed assets.	Where significant, this issue should be mentioned in the risk factors. We don't see the need for a specific item.
9. OPERATING AND FINANCIAL REVIEW	Sections 9 & 10 of annex I of Regulation 809/2004 should be merged and the wording aligned with directive 2013/34 (article 19 and 29) in order to allow issuers to incorporate by reference their management reports.
9.1. Financial Condition	Merge with section 9. See comment above.
9.2. Operating Results	Merge with section 9. See comment above.

10. CAPITAL RESOURCES	Merge with section 9. See comment above.
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	This is covered by article 19 of directive 2013/34. We don't see the need for a specific item.
Annex I Regulation 809/2004	Possible alleviations for new RD/URD schedule
12. TREND INFORMATION	
13. PROFIT FORECASTS OR ESTIMATES	Profit forecasts are to be provided only where relevant, meaning in case issuers has such forecasts. In this is in line with Regulation level one, referring to profit forecasts « where relevant ». The auditor's report represents a significant burden with little added value considering the substance of the report and should therefore not be required. All information included in the document are disclosed under responsibility of the issuer ad of the person who signs the responsibility statement.
14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
14.1. Names, business addresses and functions...	Information should not be required for the last five years but a shorter period (period covered by historical financial information and even shorter for public companies).
14.2. Administrative, Management, and Supervisory bodies' and Senior Management conflicts of interests	
15. REMUNERATION AND BENEFITS	
16. BOARD PRACTICES	
17. EMPLOYEES	
17.1. Number of employees	Information regarding number of employees is included in the notes to the financial statements (article 17 of directive 2013/34).
17.2. Shareholdings and stock options	
17.3. Description of any arrangements for involving the employees in the capital of the issuer.	
18. MAJOR SHAREHOLDERS	
19. RELATED PARTY TRANSACTIONS	Wording could be amended to explicitly exempt companies under IFRS from this requirement. Companies under national GAAP should disclose the information only for last year. Also, use of incorporation by reference should be allowed (companies will have to disclose such information in line with the revised Shareholder Rights Directive which will apply as of summer 2019.
20. FINANCIAL INFORMATION	
20.1. Historical Financial Information	
20.2. Pro forma financial information	
20.3. Financial statements	
20.4. Auditing of historical annual financial information	Item 20.4 is redundant with 20.1.
20.5. Age of latest financial information	
20.6. Interim and other financial information	
20.7. Dividend policy	
20.8. Legal and arbitration proceedings	Where the information is significant, it would be covered either by the risk factors, the management and or the notes to the financial statements. We don't see the need for a specific item.

20.9. Significant change in the issuer's financial or trading position	
21. ADDITIONAL INFORMATION	
21.1. Share Capital	
21.2. Memorandum and Articles of Association	Issuers should be allowed to refer to where this information is available.
22. MATERIAL CONTRACTS	This item raises many issues: it refers to contracts <u>not being a contract entered into in the ordinary course of business</u> . From our experience, issuers disclose significant contracts but if the contracts are significant, they should be described in the business overview part. We don't see the need for this specific item which is confusing.
23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	
24. DOCUMENTS ON DISPLAY	
25. INFORMATION ON HOLDINGS	This information is covered by the notes to the financial statements (article 28.2 of directive 2013/34). We don't see the need for a specific item.

Annex 2 Proposal for Secondary Issuance Securities Note Content

The following table compares the current requirements of the proportionate securities note for right issues with the requirements of the 2017 Prospectus Regulation to determine what the content of the secondary issuance securities note for shares should be.

Secondary Issuance Securities Note for shares

Proportionate Schedule for the Share Securities Notes for Rights Issues (Regulation 2012/486)	Items required by 2017 Prospectus Regulation (article 14)	Included in Secondary Issuance Securities Note ?	Rationale
1. Persons responsible		Yes	Not required by Level 1 but considered to be essential information
2. Risk factors	14.3: "risk factors;"	Yes	Required by Level 1
3. Key information		-	
3.1. Working capital Statement	14.3: "the working capital statement"	Yes	Required by Level 1
3.2. Capitalisation and indebtedness	14.3: "the statement of capitalisation and Indebtedness"	Yes	Required by Level 1
3.3. Interest of natural and legal persons involved in the issue/offer	14.3: "a disclosure of relevant conflicts of interest and related-party Transactions"	Yes	Required by Level 1
3.4. Reasons for the offer and use of proceeds	14.2(c): "the reasons for the issuance and its impact on the issuer, including on its overall capital structure, and the use of the proceeds."	Yes	Required by Level 1
4. Information concerning the securities		Yes	Securities issued are of same class than existing securities ; disclosures should be limited to what is required in Level 1 (in particular in the summary)
4.1. A description of the type and the class of the securities		Yes	Limited to what is required by Level 1 in the summary of the prospectus
4.2. Legislation under which the securities have been created		No	Securities issued are of same class than existing securities
4.3. An indication whether the securities are in registered form or bearer form		No	Securities issued are of same class than existing securities
4.4. Currency of the securities		Yes	Required by Level 1 (summary)

4.5. A description of the rights attached to the securities	14.2(b): "the rights attaching to the securities"	Yes	Required by Level 1
4.6. A statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued		No	This bring no added value as a disclosure ; it would be the job of advisers (bankers and lawyers) in their due diligences to verify that the issuer has authorisations
4.7. The expected issue date of the securities		Yes	Essential information
4.8. A description of any restrictions on the free transferability of the securities		Yes	Required by Level 1 (summary)
4.9. Information on taxes		No	This is outside the scope of the prospectus: issuers issue securities to finance their activities not optimize investors taxes ; buy side issues (including tax issues) should be dealt by investors and their advisers/intermediaries
5. Terms and conditions of the offer		Yes	Essential information This would include conditions, offer statistics, expected timetable, plan of distribution and allotment, pricing, placing and underwriting (including paying agents) ; tax issues should be excluded
6. Admission to trading and dealing arrangements		Yes	Essential information
7. Lock-up agreements		Yes	Essential information
8. Expense of the issue/offer		Yes	Essential information
9. Dilution	14.2(c): "the reasons for the issuance and its impact on the issuer, including on its overall capital structure, and the use of the proceeds."	Yes	Required by Level 1
10. Additional information		Yes	Essential information

Annex 3 Mock up for a Secondary Issuance Securities Note (Shares)

PROSPECTUS PUBLISHED IN RELATION WITH THE OFFERING AND/OR ADMISSION TO TRADING ON [name of market] OF [number]... NEW SHARES

Legal and commercial name of the issuer, and logo if any

.....

Address, including zip code of its registered office (or principal place of business if different from its
registered office) and website

.....

DOCUMENTS ON DISPLAY AND INCORPORATED BY REFERENCE

Indication where all documents incorporated by reference and the following documents (or copies thereof), where applicable, can be found:

- (a) the registration document or universal registration document;
- (b) the memorandum and articles of association of the issuer;
- (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document...

SUMMARY OF THE PROSPECTUS

Warnings

- **This summary should be read as an introduction to the prospectus.**
- **Any decision to invest in the securities should be based on consideration of the entire prospectus.**
- [where applicable] **You can lose all or part of the invested capital.**
- **Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, should bear the costs of translating the prospectus before the legal proceedings are initiated.**
- **Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information to aid investors when considering whether to invest in such securities.**

1. INTRODUCTION

- 1.1 Name and international securities identification numbers (ISIN) of the securities
- 1.2 Identity and contact details of the issuer, including its legal entity identifier (LEI)
- 1.3 Where applicable, the identity and contact details of the offeror, including its LEI if the offeror has legal personality, or of the person seeking admission.
- 1.4 The identity and contact details of the competent authority that approves the prospectus and, where different, the competent authority that approved the registration document or the universal registration document.
- 1.5 The date of approval of the prospectus.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

- 2.1.1 Provide information on the domicile and legal form of the issuer, its LEI, the legislation under which it operates and its country of incorporation.
- 2.1.2 Provide a summarized description of the issuer's principal activities.
- 2.1.3 Indicate who are the major shareholders, including whether the issuer is directly or indirectly owned or controlled and by whom.
- 2.1.4 Indicate the identity of the issuer's key managing directors.
- 2.1.5 Indicate the identity of the issuer's statutory auditors.

2.2 What is the key financial information regarding the issuer?

Provide a selection of historical key financial information presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year.

Key financial information shall, where applicable, include:

- pro forma financial information;
- a brief description of any qualifications in the audit report relating to the historical financial information.

2.3 What are the key risks that are specific to the issuer?

Provide a brief description of the most material risk factors specific to the issuer contained in the Prospectus. The total number of risk factors included in the summary shall not exceed 15.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

Provide the following information on the securities offered and/or admitted to trading:

- their type and class, their ISIN,
- where applicable, their currency, denomination, par value, the number of securities issued, the term of the securities;
- the rights attached to the securities;
- the relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of resolution under the BRRD;
- any restrictions on the free transferability of the securities;
- where applicable, the dividend or pay-out policy.

3.2 Where will the securities be traded?

Indicate whether the securities are or will be the object of an application for admission to trading on a regulated market or for trading on a multilateral trading facility and the identity of all the markets where the securities are or are to be traded.

3.3 Is there a guarantee attached to the securities?

Where applicable include the following information:

- a brief description of the nature and scope of the guarantee,
- a brief description of the guarantor, including its LEI,
- the relevant key financial information for the purpose of assessing the guarantor's ability to fulfil its commitments under the guarantee, and
- a brief description of the most material risk factors pertaining to the guarantor included in the prospectus. The total number of risk factors included in the summary shall not exceed 15.

3.4 What are the key risks that are specific to the securities?

Provide a brief description of the most material risk factors specific to the securities. The total number of risk factors included in the summary shall not exceed 15.

4. KEY INFORMATION ON THE OFFER AND/OR ADMISSION TO TRADING

4.1 Under which conditions and timetable can I invest in this security?

Provide information on:

- the general terms, conditions and expected timetable of the offer,
- the details of the admission to trading,
- the plan for distribution,
- the amount and percentage of immediate dilution resulting from the offer and
- an estimate of the total expenses of the issue and/or offer, including estimated expenses charged to the investor by the issuer or the offeror.

4.2 Who is the offeror and/or the person asking for admission to trading?

Where applicable, provide a brief description of the offeror of the securities and/or the person asking for admission to trading including its domicile and legal form, the legislation under which it is incorporated and its country of incorporation.

4.3 Why is this prospectus being produced?

Provide a brief description of the reasons for the offer or for the admission to trading, as well as, where applicable:

- the use and estimated net amount of the proceeds,
- an indication of whether the offer is subject to an underwriting agreement on a firm commitment basis, stating any portion not covered,
- an indication of the most material conflicts of interest pertaining to the offer or admission to trading.

SECURITIES NOTE

1. RESPONSIBILITY FOR THE PROSPECTUS

- All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
- A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. REASONS FOR THE OFFER AND USE OF PROCEEDS

Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.

3. EXPENSE OF THE ISSUE/OFFER

Provide the total net proceeds and an estimate of the total expenses of the issue/offer.

4. DILUTION

- 1.1 Provide the amount and percentage of immediate dilution resulting from the offer.
- 1.2 In the case of a subscription offer to existing equity holders, provide the amount and percentage of immediate dilution if they do not subscribe to the new offer.

2. RISK FACTORS

Describe the risk factors that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities. The risk factors shall be presented in a limited number of categories depending on their nature. In each category, the most material risk factors shall be mentioned first according to the issuer's assessment provided for in the second subparagraph.

3. WORKING CAPITAL STATEMENT

The issuer must state that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.

4. CAPITALIZATION AND INDEBTEDNESS

4.1 Provide the following capitalization and indebtedness table as of a date no earlier than 90 days prior to the date of the document.

Total Current debt.....	
- Guaranteed.....	
- Secured.....	
- Unguaranteed/ Unsecured	
 Total Non-Current debt (excluding current portion of long –term debt).....	
- Guaranteed.....	
- Secured.....	
- Unguaranteed/ Unsecured	
 Shareholder's equity:	
a) Share capital.....	
b) Legal Reserve.....	
c) Other Reserves.....	
 Total	

4.2 Provide the following disclosure of Net indebtedness in the short term and in the medium-long term:

A. Cash.....	
B. Cash equivalent (Detail).....	
C. Trading securities	
D. Liquidity (A) + (B)+(C).....	
 E. Current Financial Receivable.....	
F. Current Bank debt.....	

G. Current portion of non current debt.....	
H. Other current financial debt.....	
I. Current Financial Debt (F)+(G)+(H)	
J. Net Current Financial Indebtedness (I)-(E)-(D).....	
K. Non current Bank loans.....	
L. Bonds Issued.....	
M. Other non current loans.....	
N. Non current Financial Indebtedness (K)+(L)+(M).....	
O. Net Financial Indebtedness (J)+(N).....	

5. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Describe any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.

6. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING

- 6.1 Describe the type and the class of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number) or other such security identification code.
- 6.2 Currency of the securities issue, denomination, par value, the number of securities issued, the term of the securities.
- 6.3 Describe the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights:
 - Dividend rights;
 - Voting rights;
 - Pre-emption rights in offers for subscription of securities of the same class;
 - Right to share in the issuer's profits;
 - Rights to share in any surplus in the event of liquidation. Redemption provisions;
 - Conversion provisions.
- 6.4 The expected issue date of the securities.
- 6.5 Where applicable, the dividend or pay-out policy.
- 6.6 A description of any restrictions on the free transferability of the securities

7. TERMS AND CONDITIONS OF THE OFFER

- 7.1 Describe conditions, offer statistics, expected timetable and action required to apply for the offer**
 - Describe conditions to which the offer is subject.

- Provide the total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.
- Provide the time period, including any possible amendments, during which the offer will be open and description of the application process.
- Indicate when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.
- Describe the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.
- Provide details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).
- Indicate the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.
- Describe the method and time limits for paying up the securities and for delivery of the securities.
- Provide a full description of the manner and date in which results of the offer are to be made public.
- Explain the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

7.2 Plan of distribution and allotment

- The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
- To the extent known to the issuer, provide any indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.
- Pre-allotment Disclosure:
 - a) The division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches;
 - b) The conditions under which the claw-back may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches;
 - c) The allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches;
 - d) A description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups.
 - e) Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;
 - f) A target minimum individual allotment if any within the retail tranche;
 - g) The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest;
 - h) Whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.

- Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.
- Over-allotment and “green shoe”:
 - a) The existence and size of any over-allotment facility and/or 'green shoe'.
 - b) The existence period of the over-allotment facility and/or 'green shoe'.
 - c) Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.

7.3 Pricing

- Provide an indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities. Indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of any expenses and taxes specifically charged to the subscriber or purchaser.
- Describe the process for the disclosure of the offer price.
- If the issuer’s equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indicate the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.
- Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.

7.4 Placing and Underwriting

- Provide the name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.
- Provide the name and address of any paying agents and depository agents in each country.
- Provide the name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.
- Explain when the underwriting agreement has been or will be reached.

8. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

- 8.1 Indicate as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.

- 8.2 Describe for all the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.
- 8.3 If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.
- 8.4 Provide details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.
- 8.5 Stabilization: where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilizing activities may be entered into in connection with an offer:
- The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time,
 - The beginning and the end of the period during which stabilization may occur,
 - The identity of the stabilization manager for each relevant jurisdiction unless this is not known at the time of publication,
 - The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail.

9. SELLING SECURITIES HOLDERS

Where applicable:

- 9.1 Provide the name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates
- 9.2 Provide the number and class of securities being offered by each of the selling security holders.
- 12.3 Describe lock-up agreements
- The parties involved.
 - Content and exceptions of the agreement.
 - Indication of the period of the lock up

10. ADDITIONAL INFORMATION

- 10.1 If advisors connected with an issue are mentioned in the Securities Note, provide a statement of the capacity in which the advisors have acted.
- 10.2 An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.

11. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

- Where a statement or report attributed to a person as an expert is included in the prospectus, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the prospectus.
- Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.