

# Changes to the format and content of the prospectus under the new EU Prospectus Regulation - ESMA's final technical advice and proposed guidelines

12 September 2018

## Introduction

This memorandum provides an overview of the key changes regarding the format and content of the prospectus introduced by the New Prospectus Regulation<sup>1</sup> as supplemented by the European Securities and Markets Authority's ("**ESMA**") technical advice and proposed guidelines.

## Background

The New Prospectus Regulation was published in the Official Journal of the European Union on 30 June 2017. It entered into force on 20 July 2017 although most of its provisions will become effective from 21 July 2019, with the exception of certain provisions which have applied from 20 July 2017 and 21 July 2018. It will repeal the current Prospectus Directive<sup>2</sup> and replace the current Prospectus Regulation<sup>3</sup> (the "**Current Prospectus Regulation**").

ESMA received a formal mandate from the European Commission to provide technical advice to the European Commission for the purposes of preparing delegated legislation concerning certain provisions of the New Prospectus Regulation. ESMA's mandate was structured in two parts. Part I focused on the format and content of the prospectus, the criteria for the scrutiny and review of prospectuses and the procedures for their approval, and Part II focused on documents containing the minimum information required for a takeover by way of an exchange offer, merger or division, together with a request for advice regarding the general equivalence criteria that should be applied in respect of the information requirements for prospectuses which are imposed by third countries.

In connection with Part I of its mandate, ESMA published:

- three consultation papers on 6 July 2017 containing draft technical advice in relation to the format and content of the prospectus, the format and content of the new EU growth prospectus and the criteria for scrutiny and procedures for approval and filing of the prospectus. The consultation closed on 28 September 2017 and ESMA published its final report on 28 March 2018 ("**ESMA's March 2018 Technical Advice**");
- a consultation paper on 15 December 2017 containing draft regulatory technical standards concerning key financial information in the prospectus summary, advertisements, supplements and publication of the prospectus. The consultation closed on 9 March 2018 and ESMA published its final report on 17 July 2018 ("**ESMA's July 2018 Regulatory Technical Standards**"); and

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<sup>1</sup> Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC.

<sup>2</sup> Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and amending Directive 2001/34/EC.

<sup>3</sup> Commission Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and the publication of such prospectuses and dissemination of advertisements.

- a consultation paper on 13 July 2018 seeking views on its draft guidelines to assist national competent authorities in their review of the specificity and materiality of risk factors and of the presentation of risk factors across categories in the prospectus (“**ESMA’s Draft Guidelines on Risk Factors**”). The consultation closes on 5 October 2018 and ESMA will publish its final report and guidelines by 31 March 2019.

In respect of Part II of its mandate, ESMA published a consultation paper on 17 July 2018 containing draft technical advice in relation to (a) documents containing the minimum information required for a takeover by way of an exchange offer, a merger or a division and (b) the general equivalence criteria that should be applied with respect to the information requirements imposed by third countries. The consultation closes on 5 October 2018 and ESMA’s final report will be published by 31 March 2019.

Article 13 of the New Prospectus Regulation states that the European Commission shall adopt delegated acts regarding the format of the prospectus and the schedules defining the specific information to be included in the prospectus. ESMA’s March 2018 Technical Advice and July 2018 Regulatory Technical Standards have been provided to the European Commission for the purposes of preparing this delegated legislation. This memorandum focuses on the prospective changes to the format and content of the prospectus for the issue of equity securities under the New Prospectus Regulation as supplemented by ESMA’s March 2018 Technical Advice, ESMA’s July 2018 Regulatory Technical Standards and ESMA’s Draft Guidelines on Risk Factors.

## Format of the prospectus

Where an issuer proposes to prepare an equity prospectus as a single document (i.e. a summary, registration document and securities note combined), ESMA prescribes in its March 2018 Technical Advice that the format should comprise the following parts in the following order: (a) table of contents, (b) summary, (c) risk factors and (d) other information items included in the schedules and building blocks according to which the prospectus was drawn up. The issuer is generally free to organise the sections within (d) as it wishes. This generally follows the current approach taken in the United Kingdom with respect to the preparation of equity prospectuses.

## Content of the prospectus

Article 6 of the New Prospectus Regulation sets out the general disclosure requirement that the prospectus contain the necessary information which is material to an investor to make an informed assessment of (a) the assets and liabilities, profits and losses, financial position and prospects of an issuer, (b) the rights attaching to the securities and (c) the reasons for the issuance and its impact on the issuer. There is also a new requirement under the New Prospectus Regulation for such information to be written and presented in a concise form.

ESMA’s March 2018 Technical Advice follows the building block approach established by the Current Prospectus Regulation, distinguishing between schedules for registration documents and for securities notes as well as other appropriate building blocks. ESMA has used the provisions of Annexes I and III of the Current Prospectus Regulation as the basis for its March 2018 Technical Advice without wholesale change. A number of disclosure items have been moved around in an attempt to draw together similar items and reduce some of the redundancy in the annexes. [Appendix A](#) to this memorandum sets out all of the changes that have been made to Annexes I and III (note that Annex III of the Current Prospectus Regulation is Annex II in ESMA’s March 2018 Technical Advice).

The remainder of this memorandum focuses on ESMA’s technical advice, regulatory technical standards and proposed guidelines regarding the content of an equity prospectus.

## Summary

Article 7 of the New Prospectus Regulation prescribes that the summary of the prospectus be drawn up as a short document written in a concise manner comprising the following four sections:

- Introduction, containing warnings (such warnings must include the warnings set out under Element A.1 of Annex XXII of the Current Prospectus Regulation together with a new warning required by the New Prospectus Regulation as to the investor's potential loss);
- Key information on the issuer (which includes key financial information for the financial track record period included in the prospectus and a brief description of the most material risk factors specific to the issuer);
- Key information on the securities (which includes details of the securities and a brief description of the most material risk factors specific to the securities); and
- Key information on the offer of securities to the public and / or the admission to trading on a regulated market.

Article 7 also sets out in detail what information should be covered under these four sections and will supercede Article 24 of the Prospectus Directive and the detailed provisions on summary content set out in Annex XXII of the Current Prospectus Regulation. Recital 31 of the New Prospectus Regulation states that provided it is presented in a fair and balanced way, issuers have discretion to select the information they deem to be material and meaningful for inclusion in the summary. The length of the summary must not exceed seven sides of A4-sized paper when printed.

ESMA opted not to add to the detailed requirements for the prospectus summary set out in Article 7 of the New Prospectus Regulation in its March 2018 Technical Advice. However, it has published regulatory technical standards concerning the format and minimum key financial information to be included in the summary in its July 2018 Regulatory Technical Standards and noted in its Draft Guidelines on Risk Factors that the disclosure of the risk factors in the summary should be consistent with the presentation of risks in the risk factors section of the prospectus (i.e. the most material risk factors should appear first in each category, as discussed in more detail below).

The move away from the current more prescribed, tabular format of the prospectus may take some time for practitioners to fully test with regulators and understand how exactly they now prefer the summary to look in order to comply with the new rules. This could have timetable implications for the first deals to launch following these provisions coming into effect.

## Risk factors

Article 16 of the New Prospectus Regulation requires risk factors in the prospectus to be categorised by their nature and presented in order of their materiality. According to ESMA's March 2018 Technical Advice, risk factors should be presented at the beginning of the prospectus after the summary where ESMA considered investors were more likely to read the information than if they appeared later on in the prospectus.

Below is a summary of the key guidance set out in ESMA's Draft Guidelines on Risk Factors:

- **Specificity:** The disclosure regarding a risk factor must establish a clear and direct link between the risk and the issuer or the securities being offered and / or admitted to trading. Generic risk factors which only serve as disclaimers should not be included.
- **Materiality:** It is not expected that the prospectus include a description of every single risk that is specific to an issuer or the securities being offered and / or admitted to trading. Any such risk factor included in the prospectus must also be material for an investor to make an informed investment decision. Materiality is to be assessed based on the probability of a risk's occurrence and the expected magnitude of its negative impact. Article 16(1) of the New Prospectus Regulation provides that this assessment may (but is not required to) be disclosed by using a qualitative scale of low, medium or high.
  - *Definition of materiality* – Article 16 of the New Prospectus Regulation does not define “materiality” in the context of risk factor disclosure, nor did ESMA include a definition in its guidelines. Instead ESMA referred to paragraph 2.11 of the International Financial Reporting Standards (“IFRS”) Conceptual Framework to draw an analogous definition

of material information being information that if omitted or misstated in a prospectus could negatively influence investment decisions made by investors based on such prospectus.

- *Negative impact* – Where available, ESMA encourages the inclusion of quantitative disclosure in order to demonstrate the potential negative impact of a risk factor. Where quantitative information is not available, qualitative information that demonstrates how and to which extent the issuer is or the securities are affected by such risk should be included.
- *Mitigating language* – Where mitigating language is included in risk factor disclosure, it can only be used to illustrate the risk factor’s probability of occurrence and the expected magnitude of its negative impact. It should not be used as a general disclaimer which reduces the investor’s perception of the materiality of the risk to which the issuer is exposed and leaves the remaining risk unclear.
- **Corroboration:** In order for a risk factor to be included in the prospectus, the information contained elsewhere in the prospectus should corroborate that the risk factor is indeed material and specific either to the issuer or the securities. For example, the disclosure in the business section of the prospectus should corroborate the risks described in the risk factors section as relating to the issuer’s business.
- **Categorisation:** Article 16(1) of the New Prospectus Regulation requires that risk factors be presented in a limited number of categories depending on their nature. Risk factors should be categorised with the use of headings and spacing. ESMA proposes that any more than ten categories would likely exceed the requirement in Article 16(1), although this should be assessed on a case-by-case basis depending on the nature of the risks and the issuer. ESMA suggests the following categories:
  - *relating to the issuer:* risks relating to the issuer’s financial situation; risks related to the issuer’s business activities and industry; legal and regulatory risks; internal control risks and environmental, social and governance risks; and
  - *relating to the securities:* risks related to the nature of the securities and risks related to the offer to the public and / or admission of the securities to trading on a regulated market.

The most material risk factors should be described first in each category. Categories should only be further divided into sub-categories in cases where sub-categorisation can be justified on the basis of the particular type of prospectus.

- **Concise disclosure.** The disclosure of each risk factor must be presented in a concise form.

Although it is existing market practice in the United Kingdom to present risk factors broadly according to their materiality, issuers will understandably be wary of the potential for increased liability resulting from the order of risk factors having been formalised in Article 16 and careful consideration will need to be given by directors of issuers together with their key business managers in formulating the categories and order in which risk factors are presented.

## Use of proceeds

Following the consultation in relation to its March 2018 Technical Advice, ESMA opted against mandating that disclosure regarding the use of proceeds be set out in a dedicated section of the prospectus and did not propose any changes to the disclosure requirements set out in Annex II, but noted that the blanket phrase “for general corporate purposes” could not be used in all cases and that if proceeds are being raised for specific purposes these must be stated. In line with the European Commission’s initiative to promote sustainable finance, ESMA noted that if any proceeds are to be used for sustainability purposes this should be specifically disclosed. We expect regulators will continue to be particularly focused on use of proceeds disclosure, especially in secondary offerings.

### **Information regarding the issuer**

The disclosure item regarding issuer information currently requires that the prospectus include the issuer's contact details in the form of its address and the telephone number of its registered office or principal place of business (if different). As most companies now have websites, ESMA has added a requirement in the revised building blocks and schedules set out in its March 2018 Technical Advice to include an issuer's web address (if it has one). This should be accompanied by a warning / disclaimer that the website itself does not form part of the prospectus unless it (or sections of the website) are incorporated by reference into the prospectus. ESMA also amended the disclosure requirement to include the issuer's legal entity identification number, which is now required of all issuers by the New Prospectus Regulation.

### **Strategy and objectives**

Disclosure regarding the issuer's strategy and objectives is regularly provided by issuers (often referred to as the issuer's "equity story"), especially in the case of IPOs; but this is not actually prescribed by Annex I under the Current Prospectus Regulation. ESMA included a specific disclosure requirement in the revised Annex I set out in its March 2018 Technical Advice relating to the inclusion of disclosure regarding an issuer's strategy and objectives in the business overview section. This replaces the existing requirement to disclose where key factors relating to the issuer's operations and principal activities have been influenced by exceptional factors, which ESMA has deleted. ESMA has not prescribed any further detail regarding the form and content of this disclosure and therefore we do not expect the presentation of an issuer's equity story to change in any specific way as a result of the inclusion of this disclosure item in the revised Annex I.

### **Organisational structure**

The disclosure requirement in Annex I of the Current Prospectus Regulation regarding the organisational structure of the issuer and its group requires a narrative description. ESMA has amended this in the revised Annex I set out in its March 2018 Technical Advice to allow inclusion of a diagram representation of a group, which ESMA considers may be more accessible to investors particularly where a group's organisational structure is complex. We consider this to be a helpful change to the rules, albeit reflecting the existing practice of a number of issuers.

### **Property, plant and equipment**

Annex I of the Current Prospectus Regulation requires an issuer to describe its tangible fixed assets. However, details of an issuer's tangible fixed assets are typically set out in its financial statements and, from 1 January 2019, in accordance with IFRS, all leases must be included in the balance sheet. Therefore, ESMA considered separate disclosure elsewhere in the prospectus regarding tangible fixed assets was unnecessary and has deleted this from the revised Annex I included in its March 2018 Technical Advice to remove redundancy.

ESMA has retained the disclosure requirement regarding any environmental issues that may affect the issuer's use of its tangible fixed assets, but moved it to the business overview section in the revised Annex I included in its March 2018 Technical Advice.

### **Regulatory environment**

ESMA considered disclosure regarding governmental, economic and political information affecting the issuer and its business to be more appropriate as a stand-alone disclosure item rather than included as part of the operating and financial review section of the prospectus (the "OFR") as such disclosure is not directly linked to the operating results of the issuer. ESMA has therefore created a new section in the revised Annex I included in its March 2018 Technical Advice dealing with disclosure of the issuer's regulatory environment. Substantively, however, the disclosure requirement remains the same as in Annex I of the Current Prospectus Regulation. In practical terms, it may mean that, depending on the nature of the issuer, the regulatory section is better drafted as a separate, stand-alone section in the prospectus.



### **Operating and financial review**

In its March 2018 Technical Advice, ESMA has made a number of drafting changes to the disclosure requirements relating to the OFR to bring them in line with the management report requirements in Article 19 of the Accounting Directive<sup>4</sup> in order that issuers can incorporate by reference their management report to fulfil certain aspects of the OFR disclosure requirements under the New Prospectus Regulation.

ESMA considered that research and development no longer needed to be a separate disclosure item in Annex I following alignment of the disclosure requirements for an OFR with disclosure requirements contained in the Accounting Directive, so this item has been deleted in the revised Annex I included in ESMA's March 2018 Technical Advice.

### **Capitalisation and indebtedness**

ESMA has sought to address a discrepancy between the wording in Annex III of the Current Prospectus Regulation and paragraph 127 of the ESMA Update of the CESR Recommendations which relates to capitalisation and indebtedness statements. As now set out in the new Annex II included in ESMA's March 2018 Technical Advice, the statement should be made as at a date no earlier than 90 days prior to the date of the prospectus, with a requirement to update the statement in the case of material changes within the 90 days. This update can be by way of a narrative rather than an update of the entire table.

### **Profit forecasts and profit estimates**

Where a profit forecast or profit estimate is included in the prospectus, there is currently a requirement to include a report by an independent accountant or auditor certifying that the profit forecast or profit estimate has been compiled on the basis of the assumptions set out in the prospectus and that the accounting policies used in making the forecast or estimate are consistent with the accounting policies used by the issuer to draw up its financial statements. In relation to equity prospectuses, ESMA has clarified in its March 2018 Technical Advice that outstanding, previously published profit forecasts and profit estimates must be disclosed on the basis of the materiality of such valid outstanding reports. This is in line with paragraph 44 of the ESMA Update of the CESR Recommendations which provides that there is a presumption that any outstanding profit forecast made outside of the prospectus is material in the case of shares.

ESMA considers that the current requirement to include an accountant's report on profit forecasts and profit estimates creates additional costs for an issuer without the added-value to investors being clear. As a profit forecast is a forward-looking statement and the current requirement simply requires the accountant or auditor to state that it has been properly compiled on the basis stated and that the basis of accounting used is consistent with the issuer's accounting policies, ESMA felt that the report provides limited comfort to investors over the issuer's future profit in the forecast itself. Consequently, ESMA has deleted the requirement in the revised Annex I set out in its March 2018 Technical Advice that an accountant's report to be prepared and included in the prospectus where a profit forecast or profit estimate is included in the prospectus and has replaced this with a requirement for the inclusion of a statement by the *issuer* that any such profit forecast or estimate has been compiled on the basis set out in the prospectus and prepared on a basis that is comparable with the issuer's annual financial statements and consistent with the issuer's accounting policies. Whilst the abolition of the requirement to include an accountant's report will obviate the need to have a separate prospectus for distribution into the United States which excludes the accountant's report, it remains to be seen whether underwriters will still seek the comfort of a private accountant's report as a matter of their own due

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<sup>4</sup> Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and the related reports of certain types of undertakings.

diligence. Notably, the majority of respondents in ESMA's consultation on this point actually favoured the retention of such reports.

In light of ESMA's March 2018 Technical Advice, ESMA updated its Q&A on prospectus related issues to include new Q&A on profit forecasts to provide clarification on how to identify profit forecasts in the context of prospectuses and to provide examples of what may or may not constitute a profit forecast.

### **Management**

In the revised Annex I set out in its March 2018 Technical Advice, ESMA has amended the requirement to include a statement regarding an issuer's compliance with corporate governance regimes to make clear that the requirement refers to the corporate governance regime applicable to the issuer rather than the corporate governance regime of the issuer's country of incorporation. ESMA considers the revised requirement to be more meaningful for investors, especially given the cross border nature of many issuers' businesses.

### **Major shareholders**

As regards the disclosure requirement relating to major shareholders, ESMA has slightly amended Annex I included in its March 2018 Technical Advice to stipulate that the name(s) of notifiable shareholders and the amount of their interest should now be presented as at the date of the prospectus. The existing requirement does not include a reference date which ESMA considered to be an omission. It has been market practice in the United Kingdom to include the amount of any such interests as at the date of the prospectus as well as at the date of admission.

### **Historical financial information**

In its March 2018 Technical Advice, ESMA made a number of changes to the disclosure requirements in Annex I regarding historical financial information. As a matter of presentation, ESMA has amended the terminology to bring it in line with the wording of the Transparency<sup>5</sup>, Accounting and Audit<sup>6</sup> Directives as well as the Audit Regulation<sup>7</sup> and IAS Regulation<sup>8</sup>, where possible. For example, references to "historical financial information" have been changed to "annual financial statements". In addition, ESMA has clarified that references made solely to "financial statements" should be considered a reference to both annual financial statements and interim financial statements. These changes should not have any substantive impact on the way historical financial information is presented in the prospectus.

To address instances where issuers have felt the need to restate their financial statements when changes have been made to an IFRS requirement, ESMA has amended Annex I to clarify that financial statements only need to be restated where the issuer has changed its accounting framework.

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<sup>5</sup> Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC.

<sup>6</sup> Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

<sup>7</sup> Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

<sup>8</sup> Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

In order to align the New Prospectus Regulation with the Transparency Directive, ESMA has extended the age of the latest financial information that can be included in the prospectus, where the issuer has included unaudited financial statements in the prospectus, from 15 to 16 months.

### **Selected financial information**

The separate disclosure item regarding selected financial information referred to in Annex I in the Current Prospectus Regulation was considered redundant by ESMA in that there were already requirements to present selected historical financial information in the summary, OFR and the audited financial statements to be included in the prospectus. ESMA has therefore removed from the revised Annex I set out in its March 2018 Technical Advice the requirement for issuers of equity to include selected financial information in the prospectus in an effort to reduce redundancy and repetition.

### **Significant change statement**

The significant change statement currently required in Annex I of the Current Prospectus Regulation has two limbs, one relating to the issuer's financial position and one relating to the issuer's trading position. ESMA has separated the requirement into two distinct disclosure items in the revised Annex I set out in its March 2018 Technical Advice. As a result, the trading position information has been moved to and merged with disclosure relating to trend information and the "significant change statement" now refers only to the financial position of the issuer. ESMA has replaced references to "trading position" with references to "financial performance" having concluded there is market uncertainty as to the meaning of "trading position". Both statements require a negative statement where applicable. Whilst the format and content of the significant change comfort letter provided by accountants to underwriters may change, these changes should not affect the accountants' ability to comfort these statements.

### **Incorporation by reference**

Under the current regime, issuers may incorporate by reference into their prospectus documents which have been approved or filed with a national competent authority in accordance with the current Prospectus Directive or the Transparency Directive and have been published previously or are being published at the same time as the prospectus. Article 19 of the New Prospectus Regulation expanded the list of such documents to include certain documents (such as regulated information, management reports (as referred to in the Accounting Directive), corporate governance statements and the issuer's memorandum and articles of association), whether or not they have been approved by or filed with any national competent authority. The European Commission provided ESMA with the opportunity to further expand this list of documents, but ESMA declined to do so in its March 2018 Technical Advice noting that it considered the current list in Article 19 of the New Prospectus Regulation sufficiently comprehensive.

### **Documents available**

Annex I currently requires that certain documents referred to in the prospectus must be put on display for the life of the prospectus along with an indication of where the documents may be inspected. In its March 2018 Technical Advice, ESMA has removed the requirement for historical financial information to be put on display given this is included in the prospectus itself (or incorporated by reference) and also amended Annex I to state that documents no longer need to be made physically available given the ability for them to be made available electronically under the New Prospectus Regulation. In practice this means that issuers and their counsel no longer need to prepare bundles of documents to put on display at their respective offices as soon as the prospectus is published. ESMA has stipulated that where documents are made available electronically, their location should be relatively precise and should not simply refer to the home page of the issuer or a third party website. Issuers will need to ensure that such web locations are kept up-to-date and include sign-posts in the event of any major website reconstructions.



### **Memorandum and articles of association**

As an issuer's memorandum and articles of association are included among the documents that an issuer needs to "make available", and, as discussed above, can be made available by electronic means under the New Prospectus Regulation, ESMA felt it was unnecessary to include a large scale duplication of the memorandum and articles of association in the prospectus itself. In the case of IPOs, where neither the national competent authority of a member state nor investors would have a sufficient level of familiarity with an issuer, ESMA noted in its March 2018 Technical Advice that at least a brief description of the issuer's principal objects and purposes should be disclosed in the prospectus together with any change of control provisions as these can be material in the context of an investor's investment decision. Despite the reduced disclosure requirement, issuers should still consider whether there are any other provisions in their memorandum or articles of association which could be considered material to investors, particularly in relation to their rights as potential shareholders, and include such disclosure if necessary in accordance with the general "necessary information" disclosure test set out in Article 6 of the New Prospectus Regulation. Issuers need to remember to ensure the most up-to-date memorandum and articles of association are available on their website for the life of the prospectus.

### **Takeovers**

ESMA has redrafted this disclosure item in the revised building blocks and schedules set out in its March 2018 Technical Advice to avoid the long descriptive citations of national legal provisions on takeovers which ESMA felt did not provide investors with clear and easily comprehensible information on the possibility of a change of control in the issuer or of any measures to protect the interests of the investor. The new provision requires an issuer to stipulate its national legislation and to give a brief overview of the legal status of the shareholder in the offeree company in case of a takeover. The revised disclosure item also requires the issuer to highlight if there is any possibility of frustrating measures against the bid (for example, due to the member state opting out of Article 9(2) of the Takeover Bids Directive<sup>9</sup> or a similar provision under any other applicable takeover regime).

### **Taxation**

ESMA has amended Annex III in the Current Prospectus Regulation to address Recital 47 of the New Prospectus Regulation which states that disclosure on taxation made under the Current Prospectus Regulation is, by its nature, too generic, adding little value for investors. The new Annex II set out in its March 2018 Technical Advice now requires an issuer to include a warning that the tax legislation of the investor's member state and of the issuer's state of incorporation may have an impact on the income received from the securities. An issuer must include information on the tax treatment of its securities where the proposed investment attracts a tax regime specific to that type of investment. In practice, this should entail much more concise tax disclosure in the prospectus. It remains to be seen whether issuers' legal counsel will continue to opine on the tax disclosure in the prospectus or whether firms will feel that the accountants are better placed to comfort statements regarding the tax treatment of an issuer's securities where the proposed investment attracts a tax regime specific to that type of investment.

### **Admission to trading and dealing arrangements**

ESMA has also introduced a requirement in the new Annex II set out in its March 2018 Technical Advice for an issuer to include disclosure noting (a) the fact that stabilisation transactions aim at supporting the market price of the securities during the stabilisation period and (b) the place where stabilisation in respect of its securities may be undertaken including, where relevant, the name of the

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<sup>9</sup> Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids.

trading venue(s). ESMA considered this disclosure relevant to investors and also brings the prospectus requirements in line with those of the Market Abuse Regulation<sup>10</sup>.

## Dilution

ESMA has included the following two new disclosure requirements relating to dilution in the revised Annex I set out in its March 2018 Technical Advice: (a) a comparison of participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for new shares and (b) a comparison of the net asset value per share, as of the date of the latest balance sheet before the public offer and the offer price per share within that public offer. In addition, ESMA believes that it is important to capture situations where existing shareholders will be diluted regardless of whether they subscribe for their entitlement because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders). In these cases an indication of the dilution that existing shareholders will experience should also be presented on the basis that they do take up their entitlement (in addition to the situation where they do not).

## What comes next?

The provisions of the New Prospectus Regulation discussed above will come into effect on 21 July 2019. Subject to endorsement by the European Commission, ESMA's March 2018 Technical Advice and ESMA's July 2018 Regulatory Technical Standards will form the basis for delegated acts to be adopted by the European Commission before these provisions of the new Prospectus Regulation come into effect. The consultation in respect of ESMA's Draft Guidelines on Risk Factors closes on 5 October 2018 and final guidelines will be published by 31 March 2019. Issuers, sponsors and practitioners will need to ensure the format and content of prospectuses being published after 21 July 2019 comply with the new regime.

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<sup>10</sup> Regulation No 596/2014 on market abuse, repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC and Directive 2014/57/EU on criminal sanctions for market abuse.

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If you have any questions regarding the matters covered in this publication, please contact any of the lawyers listed below or your regular Davis Polk contact.

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## Appendix A

ESMA proposes to deliver the following Annex 1 as part of its technical advice:

ITEM	ANNEX 1: SHARE REGISTRATION DOCUMENT
<b>1</b>	<b>PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, <u>EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL</u></b>
1.1	All persons responsible for the information given in the Registration Document 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.
1.2	<p>A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.</p> <p>As the case may be, a declaration by those responsible for certain parts of the registration document that having taken all reasonable care to ensure that such is the case, the information contained in that part of the registration document 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.</p>
[1.3] Moved from 23.1	<p>Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's:</p> <ul style="list-style-type: none"> <li>• Name;</li> <li>• Business address;</li> <li>• Qualifications;</li> <li>• Material interest if any in the issuer.</li> </ul> <p>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 registration document <u>for the purpose of the prospectus</u>.</p>
[1.4] Moved from 23.2	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 render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.
[1.5] New	<p>A statement that:</p> <ul style="list-style-type: none"> <li>• <u>the (universal) registration document has been approved by the [name of competent authority], as competent authority under Regulation (EU) 2017/1129;</u></li> <li>• <u>the [name of competent authority] only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;</u></li> <li>• <u>such approval should not be considered as an endorsement of the issuer that is the subject of this registration document.</u></li> </ul>
<b>2</b>	<b>STATUTORY AUDITORS</b>
2.1	Names and addresses of the issuer's auditors for the period covered by the <del>historical</del> <u>annual financial statements information</u> (together with their membership in a professional body).

2.2	If auditors have resigned, been removed or not been re-appointed during the period covered by the <del>historical annual financial statements information</del> , indicate details if material.
<b>3</b>	<b>SELECTED FINANCIAL INFORMATION</b>
3.1	<del>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, in the same currency as the financial information.</del>  <del>The selected historical financial information must provide the key figures that summarise the financial condition of the issuer.</del>
3.2	<del>If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year must also be provided, except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information.</del>
<b>4</b>	<b>RISK FACTORS</b>
	<del>Prominent disclosure of</del> <u>A description of the material risks factors that are specific to the issuer, in a limited number of categories, in a section headed 'Risk Factors'.</u>  <u>In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account their impact on the issuer and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the registration document.</u>
<b>5</b>	<b>INFORMATION ABOUT THE ISSUER</b>
5.1	<b>History and development of the issuer</b>
5.1.1	The legal and commercial name of the issuer.
5.1.2	The place of registration of the issuer, <del>and</del> its registration number <u>and Legal Entity Identifier.</u>
5.1.3	The date of incorporation and the length of life of the issuer, except where indefinite.
5.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address, telephone number of its registered office (or principal place of business if different from its registered office) <u>and website with a disclaimer that the information on the website does not form part of the prospectus.</u>
<del>5.1.5 (Moved to [6.3])</del>	<del>The important events in the development of the issuer's business.</del>
Moved to 6	<b>Investments</b>
<del>5.2.1</del>	<del>A description, (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the registration document</del>
<del>5.2.2</del>	<del>A description of the issuer's principal investments that are in progress including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).</del>
<del>5.2.3</del>	<del>Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments.</del>
<b>6</b>	<b>BUSINESS OVERVIEW</b>
6.1	<b>Principal activities</b>
6.1.1	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed

	for each financial year for the period covered by the <del>historical annual financial statements information</del> ; and
6.1.2	An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.
6.2	<b>Principal markets</b>  A description of the principal markets in which the issuer competes, including a breakdown of total revenues by <del>operating segment category of activity</del> and geographic market for each financial year for the period covered by the <del>historical annual financial statements information</del> .
[6.3] Moved from 5.1.5	The important events in the development of the issuer's business.
6.3	<del>Where the information given pursuant to items 6.1 and 6.2 has been influenced by exceptional factors, mention that fact.</del>
<u>New</u>	<b><u>Strategy and objectives</u></b>  <u>A description of the issuer's business strategy and objectives (both financial and non-financial (if any)). This description shall take into account the issuer's future challenges and prospects.</u>
6.4	If material to the issuer's business or profitability, summary information regarding the extent to which the issuer is dependent, 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.
<del>5.2</del>	<b>Investments</b>
[6.6.1] Moved from 5.2.1	A description, (including the amount) of the issuer's <del>principal material</del> investments for each financial year for the period covered by the historical financial information up to the date of the registration document.
[6.6.2] Moved from 5.2.2, merged with item 5.2.3	A description of <del>the issuer's principal any material</del> investments <u>of the issuer</u> that are in progress <del>or for which firm commitments have already been made</del> , including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).
[6.6.3] Moved from 25	Information relating to the <del>undertakings joint ventures and undertakings</del> in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.
[6.6.4] Moved from 8.2	A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.
<b>7</b>	<b>ORGANISATIONAL STRUCTURE</b>
7.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. <u>This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.</u>
7.2	A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>
8.1	<del>Information regarding material tangible fixed assets either existing or planned, including leased properties, and any major encumbrances thereon.</del>



8.2. Moved to [6.6.4]	A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.
<b>9</b>	<b>OPERATING AND FINANCIAL REVIEW</b>
9.1	<b>Financial condition</b>
	<p>To the extent not covered elsewhere in the registration document <del>provide a description of the issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required, including the causes of material changes from year to year in the financial information to the extent necessary for an understanding of the issuer's business as a whole.</del></p> <p><u>and to the extent necessary for an understanding of the issuer's business as a whole, a fair review of the development and performance of the issuer's business and of its position for each year and interim period for which historical financial information is required, including the causes of material changes.</u></p> <p><u>The review shall be a balanced and comprehensive analysis of the development and performance of the issuer's business and of its position, consistent with the size and complexity of the business.</u></p> <p><u>To the extent necessary for an understanding of the issuer's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business. The analysis shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.</u></p>
	<p><u>To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, the review shall also give an indication of:</u></p> <ul style="list-style-type: none"> <li>a) <u>the issuer's likely future development;</u></li> <li>b) <u>activities in the field of research and development.</u></li> </ul> <p><u>Item 9.1 may be satisfied through the inclusion of the management report referred to in Articles 19 and 29 of Directive 2013/34/EU.</u></p>
9.2	<b>Operating results</b>
9.2.1	Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected.
9.2.2	Where the <del>historical annual financial statements information</del> disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes.
9.2.3 Moved to [11.1]	<del>Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.</del>
<b>10</b>	<b>CAPITAL RESOURCES</b>
10.1	Information concerning the issuer's capital resources (both short and long term).
10.2	An explanation of the sources and amounts of and a narrative description of the issuer's cash flows.
10.3	Information on the borrowing requirements and funding structure of the issuer.
10.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.
10.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items <del>[6.2.3. and 8.1-6.6.2.]</del>
<b>11</b>	<b>RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES REGULATORY ENVIRONMENT</b>

Moved from 9.2.3	<p><u>A description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.</u></p> <p><del>Where material, provide a description of the issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on issuer-sponsored research and development activities.</del></p>
<b>12</b>	<b>TREND INFORMATION</b>
12.1 (second bullet moved from 20.9)	<p><u>A description of:</u></p> <ul style="list-style-type: none"> <li>• The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document;</li> <li>• <u>Any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document, or provide an appropriate negative statement.</u></li> </ul>
12.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.
<b>13</b>	<b>PROFIT FORECASTS OR ESTIMATES</b>
13.1	<p><del>#Where an issuer chooses to include has published a profit forecast or a profit estimate (which is still outstanding and valid), that forecast or estimate shall be included in the registration document / must contain the information set out in items 13.1 and 13.2. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items [13.2 to 13.4].</del></p> <p><u>Where an issuer chooses to include a new profit forecast or a new profit estimate, or where the issuer includes a previously published profit forecast or a previously published profit estimate pursuant to point 13.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.</u></p>
	<p><u>The forecast or estimate shall comply with the following principles:</u></p> <ul style="list-style-type: none"> <li>- there must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies;</li> <li>- the assumptions must be <u>reasonable</u>, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; and</li> <li>- <u>in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.</u></li> </ul>
13.2	<p><del>A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer.</del></p> <p><del>Where financial information relates to the previous financial year and only contains non-misleading figures substantially consistent with the final figures to be published in the next annual audited financial statements for the previous financial year, and the explanatory information necessary to assess the figures, a report shall not be required provided that the prospectus includes all of the following statements:</del></p> <p><del>(a) the person responsible for this financial information, if different from the one which is responsible for the prospectus in general, approves that information;</del></p> <p><del>(b) independent accountants or auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited</del></p>

	<p>financial statements;</p> <p><del>(c) this financial information has not been audited.</del></p>
13.3	<p>The prospectus shall include a statement that the profit forecast or estimate <del>must be</del> has been compiled on the basis stated and prepared on a basis i) comparable with the <del>historical annual financial statements information</del> and ii) consistent with the issuer's accounting policies.</p>
13.4	<p><del>If a profit forecast in a prospectus has been published which is still outstanding, then provide a statement setting out whether or not the forecast is still correct at the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case.</del></p>
14	<p><b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT</b></p>
14.1	<p>Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer:</p> <ul style="list-style-type: none"> <li>a) Members of the administrative, management or supervisory bodies;</li> <li>b) Partners with unlimited liability, in the case of a limited partnership with a share capital;</li> <li>c) Founders, if the issuer has been established for fewer than five years; and</li> <li>d) Any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.</li> </ul> <p>The nature of any family relationship between any of those persons.</p> <p>In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:</p> <ul style="list-style-type: none"> <li>a) The names of all companies and partnerships of which such person has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies;</li> <li>b) Any convictions in relation to fraudulent offences for at least the previous five years;</li> <li>c) Details of any bankruptcies, receiverships, liquidations <u>or companies put into administration</u> with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years;</li> <li>d) Details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.</li> </ul> <p>If there is no such information to be disclosed, a statement to that effect is to be made.</p>
14.2	<p><b>Administrative, management and supervisory bodies and senior management conflicts of interests</b></p> <p>Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 14.1., and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.</p> <p>Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item A1.14.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management.</p> <p>Details of any restrictions agreed by the persons referred to in item A1.4.1 on the disposal</p>

	within a certain period of time of their holdings in the issuer's securities.
<b>15</b>	<b>REMUNERATION AND BENEFITS</b>
	In relation to the last full financial year for those persons referred to in points (a) and (d) of the first subparagraph of item 14.1:
15.1	The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person.  That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.
15.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits.
<b>16</b>	<b>BOARD PRACTICES</b>
	In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to those persons referred to in point (a) of the first subparagraph of 14.1:
16.1	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.
16.2	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement
16.3	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.
16.4	A statement as to whether or not the issuer complies with <del>its country's of incorporation the</del> corporate governance regime(s) <u>applicable to the issuer</u> . In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.
[16.5] New	<u>Potential material impacts on the corporate governance, including future changes in the board and committees composition (in so far as this has been already decided by the board and/or shareholders meeting).</u>
<b>17</b>	<b>EMPLOYEES</b>
17.1	Either the number of employees at the end of the period or the average for each financial year for the period covered by the <del>historical annual financial statements information</del> up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.
17.2	<b>Shareholdings and stock options</b>  With respect to each person referred to in points (a) and (d) of the first subparagraph of item 14.1. provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.
17.3	Description of any arrangements for involving the employees in the capital of the issuer.
<b>18</b>	<b>MAJOR SHAREHOLDERS</b>
8.1	In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, <u>as at the date of the registration document</u> or, if there are no such persons, an appropriate negative statement.

18.2	Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
18.3	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.
18.4	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
<b>19</b>	<b>RELATED PARTY TRANSACTIONS</b>
	<p>Details of related party transactions (which for these purposes are those set out in the Standards adopted according to the Regulation (EC) No 1606/2002), that the issuer has entered into during the period covered by the <del>historical annual financial statements information</del> and up to the date of the registration document, must be disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 if applicable.</p> <p>If such standards do not apply to the issuer the following information must be disclosed:</p> <ul style="list-style-type: none"> <li>a) The nature and extent of any transactions which are — as a single transaction or in their entirety — material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding;</li> <li>b) The amount or the percentage to which related party transactions form part of the turnover of the issuer.</li> </ul>
<b>20</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>
20.1	<del>Historical financial information</del> <b>Annual financial statements</b>
	Audited <del>historical financial information statements</del> covering the latest <del>3</del> three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.
	<p><u>Change of accounting reference date</u></p> <p>If the issuer has changed its accounting reference date during the period for which <del>historical annual financial information statements is</del> <u>are</u> required, the audited <del>historical annual financial information statements</del> shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.</p>
	<p><u>Accounting standards</u></p> <p>The <del>Such financial information statements</del> must be prepared according to <u>International Financial Reporting Standards (IFRS) as endorsed in the EU based on Regulation (EC) No 1606/2002.</u></p> <p><del>the standards adopted in accordance with Regulation (EC) No 1606/2002 or</del></p> <p>If IFRS is not applicable <del>the financial statements must be prepared according to:</del></p> <ul style="list-style-type: none"> <li>(a) <del>to a Member State's national accounting standards for issuers from the Community EEA, as required by the Accounting Directive; or</del></li> <li>(b) <del>For third country issuers, such financial statements must can be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards-IFRS for third country issuers. If such third country's national accounting standards are financial information-i not equivalent to IFRS these standards, it must be presented in the form of restated-the financial statements shall be restated in IFRS.</del></li> </ul>
	<p><u>Change of accounting framework</u></p> <p>The last <del>two years</del> audited <del>historical annual financial information statements, containing comparative information for the previous year,</del> must be presented and prepared in a form consistent with <u>the accounting standards framework that which</u> will be adopted in the</p>



	<p>issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p> <p><u>Changes within the accounting framework applicable to an issuer do not require the audited financial statements to be restated. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements, (as defined by IAS 1), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.</u></p>
	<p><del>If the issuer has been operating in its current sphere of economic activity for less than one year, the audited financial statements covering that period must be prepared in accordance with the standards applicable to annual financial statements under the Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the EEA. For third country issuer, the annual financial statements must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. These annual financial statements must be audited.</del></p>
	<p><del>If</del> <u>Where</u> the audited financial <del>information statements is</del> are prepared according to national accounting standards, they <del>financial information required under this heading</del> must include at least <u>the following</u>:</p> <ol style="list-style-type: none"> <li><u>The balance sheet;</u></li> <li><u>The income statement;</u></li> <li><u>a statement showing either all changes in equity or changes in equity other than those arising from capital transaction with owners and distributions to owners;</u></li> <li><u>The cash flow statement;</u></li> <li><u>The accounting policies and explanatory notes.</u></li> </ol>
	<p><u>Audit report</u></p> <p><del>The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standards.</del></p>
(Moved from 20.3)	<p><u>Consolidated financial statements</u></p> <p>If the issuer prepares both <u>own stand-alone</u> and consolidated <del>annual</del> financial statements, include at least the consolidated <del>annual</del> financial statements in the registration document.</p>
(Moved from 20.5)	<p><u>Age of Financial Information</u></p> <p>The <u>balance sheet date of the last year of audited financial information statements</u> may not be older than one of the following:</p> <ol style="list-style-type: none"> <li>18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document;</li> <li><del>45</del> <u>16</u> months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document.</li> </ol>
(Moved from 20.6)	<p><b>Interim and other financial information</b></p> <p>If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been <u>audited or reviewed</u> <del>or audited</del>, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.</p> <p>If the registration document is dated more than nine months after the <del>end date</del> <u>end date</u> of the last audited financial <del>statements year</del>, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year.</p> <p><u>Interim financial information should be prepared in accordance with the requirements of the Accounting Directive or IFRS as the case may be.</u></p>

	<p><del>For issuers not subject to either the Accounting Directive or IFRS, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.</del></p>
(Moved from 20.4)	<p><b>Auditing of annual financial statements</b></p>
	<p>The <del>historical annual financial statements information</del> must be independently audited. <del>The audit report shall be prepared in accordance with the Audit Directive and Audit Regulation.</del></p> <p><u>Where the Audit Directive and Audit Regulation do not apply:</u></p>
	<ul style="list-style-type: none"> <li>the <del>historical annual financial statements information</del> must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard.</li> <li><del>a statement that the historical financial information has been audited. If audit reports on the annual historical financial information statements have been refused by the statutory auditors or if they contain qualifications, modifications of opinion, or disclaimers or an emphasis of matter, such refusals or such qualifications, or modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.</del></li> </ul>
	<p>Indication of other information in the registration document which has been audited by the auditors.</p>
	<p>Where financial <del>information data</del> in the registration document is not extracted from the issuer's audited financial statements state the source of the <u>information</u> and state that the <u>information</u> is unaudited.</p>
(Moved from 20.2)	<p><b>Pro forma financial information</b></p> <p>In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported.</p> <p>This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 12 and must include the information indicated therein.</p> <p>Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.</p>
(Moved from 20.7)	<p><b>Dividend policy</b></p> <p>A description of the issuer's policy on dividend distributions and any restrictions thereon.</p>
	<p>The amount of the dividend per share for each financial year for the period covered by the <del>historical annual financial statements information</del> adjusted, where the number of shares in the issuer has changed, to make it comparable.</p>
(Moved from 20.8)	<p><b>Legal and arbitration proceedings</b></p> <p>Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.</p>
(Moved from 20.9)	<p><b>Significant change in the issuer's financial position</b></p> <p>A description of any significant change in the financial <del>or trading</del> position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.</p>
<b>21</b>	<b>ADDITIONAL INFORMATION</b>
21.1	<b>Share capital</b>

	The following information as of the date of the most recent balance sheet included in the <del>historical annual financial statements information</del> :
21.1.1	<p>The amount of issued capital, and for each class of share capital:</p> <p>a) The <del>total number of shares of the issuer's</del> authorised share capital;</p> <p>b) The number of shares issued and fully paid and issued but not fully paid;</p> <p>c) The par value per share, or that the shares have no par value; and</p> <p>d) A reconciliation of the number of shares outstanding at the beginning and end of the year.</p> <p>If more than 10% of capital has been paid for with assets other than cash within the period covered by the <del>historical annual financial statements information</del>, state that fact.</p>
21.1.2	If there are shares not representing capital, state the number and main characteristics of such shares.
21.1.3	The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.
21.1.4	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.
21.1.5	Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.
21.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.
21.1.7	A history of share capital, highlighting information about any changes, for the period covered by the <del>historical annual financial statements information</del> .
21.2	<b>Memorandum and Articles of Association</b>
21.2.1	<del>The register and the entry number therein, if applicable, and a brief description of the issuer's objects and purposes and where they can be found in the up to date memorandum and articles of association.</del>
21.2.2.	<del>A summary of any provisions of the issuer's articles of association, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies, which materially deviate from local company law.</del>
21.2.3.	<del>Where there is more than one class of existing shares, a description of the rights, preferences and restrictions attaching to each class of existing shares.</del>
21.2.4.	<del>A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law.</del>
21.2.5.	<del>A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called including the conditions of admission.</del>
21.2.6.	A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.
21.2.7.	<del>An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.</del>
21.2.8.	<del>A description of the conditions imposed by the memorandum and articles of association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law.</del>

22	<b>MATERIAL CONTRACTS</b>
	<p>A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document.</p> <p>A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the registration document.</p>
23 (Moved to 1)	<del>THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST</del>
24	<del>DOCUMENTS ON DISPLAY AVAILABLE</del>
	<p>A statement that for the life of the registration document the following documents <del>(or copies thereof)</del>, where applicable, can be inspected:</p> <ul style="list-style-type: none"> <li>a) The <u>up to date</u> memorandum and articles of association of the issuer;</li> <li>b) All reports, letters, and other documents, 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.</li> </ul> <p><del>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information for the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</del></p> <p>An indication <del>of the website on which where</del> the documents <del>on display</del> may be inspected, <del>by physical or electronic means.</del></p>
25 (Moved to 6)	<del>INFORMATION ON HOLDINGS</del>
25.1	<del>Information relating to the undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses</del>

ESMA proposes to deliver the following Annex 2 as part of its technical advice:

ITEM	ANNEX 2: SHARE SECURITIES NOTE
1	<b>PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL</b>
1.1	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.
1.2	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, 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.
[1.3] Moved from 10.3	<p>Where a statement or report attributed to a person as an expert is included in the Securities Note, provide:</p> <ul style="list-style-type: none"> <li>a) Such person's name;</li> <li>b) Business address;</li> <li>c) Qualifications;</li> <li>d) Material interest if any in the issuer.</li> </ul> <p>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 Securities Note.</p>
[1.4] Moved from 10.4	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.
[1.5] New	<p><u>A statement that:</u></p> <ul style="list-style-type: none"> <li>- <u>this [securities note / prospectus] has been approved by the name of competent authority], as competent authority under Regulation (EU) 2017/1129.</u></li> <li>- <u>the [name of competent authority] only approves this [securities note / prospectus] as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.</u></li> <li>- <u>such approval should not be considered as an endorsement of [the quality of the securities that are the subject of this [securities note / prospectus] and</u></li> <li>- <u>investors should make their own assessment as to the suitability of investing in the securities.</u></li> </ul>
2	<b>RISK FACTORS</b>
	<p><del>Prominent disclosure of 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. A description of the material risks that are specific to the securities being offered and/or admitted to trading in a limited number of categories, in a section headed 'Risk Factors'.</del></p> <p><u>In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account their impact on the issuer and the securities and the probability of their occurrence, shall be mentioned first. The risks shall be corroborated by the content of the securities note.</u></p>



<b>3</b>	<b>ESSENTIAL INFORMATION</b>
3.1	<p><b>Working capital statement</b></p> <p>Statement by the issuer 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.</p>
3.2	<p><b>Capitalisation and indebtedness</b></p> <p>A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, <del>secured and unsecured indebtedness</del> debt, <u>collateralised and non-collateralised loans</u>) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness.</p> <p><u>In the case of material changes in the capitalisation and indebtedness position of the issuer within the 90 day period, additional information shall be given through the presentation of a narrative description of such changes or through the updating of those figures.</u></p>
3.3	<p><b>Interest of natural and legal persons involved in the issue/offer</b></p> <p>A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.</p>
3.4	<p><b>Reasons for the offer and use of proceeds</b></p> <p>Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. 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.</p>
<b>4</b>	<b>INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING</b>
4.1	A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number) <del>or other such security identification code.</del>
4.2	Legislation under which the securities have been created.
4.3	An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.
4.4	Currency of the securities issue.
4.5	<p>A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights:</p> <p>a) Dividend rights:</p> <ol style="list-style-type: none"> <li>1) Fixed date(s) on which the entitlement arises;</li> <li>2) Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates;</li> <li>3) Dividend restrictions and procedures for non-resident holders;</li> <li>4) Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.</li> </ol> <p>b) Voting rights;</p> <p>c) Pre-emption rights in offers for subscription of securities of the same class;</p> <p>d) Right to share in the issuer's profits;</p> <p>e) Rights to share in any surplus in the event of liquidation;</p> <p>f) Redemption provisions;</p> <p>g) Conversion provisions.</p>

4.6	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.
4.7	In the case of new issues, the expected issue date of the securities.
4.8	A description of any restrictions on the free transferability of the securities.
4.9	<u>Statement on the existence of any national legislation on takeovers applicable to the issuer and the possibility for frustrating measures if any.</u> <del>An indication of the existence of any</del> <u>A brief description of the shareholders' rights and obligations in case of mandatory takeover bids and/or squeeze-out or sell-out rules in relation to the securities.</u>
4.10	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.
4.11	<u>A warning that the tax legislation of the investor's Member State and of the issuer's Member State of incorporation may have an impact on the income received from the securities.</u> <u>Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.</u> <del>In respect of the country of registered office of the issuer and the country(ies) where the offer is being made or admission to trading is being sought:</del> <del>— information on taxes on the income from the securities withheld at source,</del> <del>— indication as to whether the issuer assumes responsibility for the withholding of taxes at the source.</del>
[4.12] New	<u>Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU.</u>
[4.13] New	<u>If different from the issuer, the identity and contact details of the offeror, of the securities and/or the person asking for admission to trading, including LEI where the offeror has legal personality.</u>
<b>5</b>	<b>TERMS AND CONDITIONS OF THE OFFER <u>OF SECURITIES TO THE PUBLIC</u></b>
5.1	<b>Conditions, offer statistics, expected timetable and action required to apply for the offer</b>
5.1.1	Conditions to which the offer is subject.
5.1.2	Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, <u>an indication of the maximum amount of securities to be offered (if available) and a description of the arrangements and time for announcing to the public the definitive amount of the offer.</u>  Where the maximum amount of securities cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.
5.1.3	The time period, including any possible amendments, during which the offer will be open and description of the application process.
5.1.4	An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.
5.1.5	A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.
5.1.6	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).
5.1.7	An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.

5.1.8	Method and time limits for paying up the securities and for delivery of the securities.
5.1.9	A full description of the manner and date in which results of the offer are to be made public.
5.1.10	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.
5.2	<b>Plan of distribution and allotment</b>
5.2.1	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.
5.2.2	To the extent known to the issuer, an 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.
5.2.3	Pre-allotment Disclosure: <ul style="list-style-type: none"> <li>a) The division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches;</li> <li>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;</li> <li>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;</li> <li>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.</li> <li>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;</li> <li>f) A target minimum individual allotment if any within the retail tranche;</li> <li>g) The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest;</li> <li>h) Whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.</li> </ul>
5.2.4	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.
5.2.5 (Moved to 6)	<del>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'.</del>
5.3	<b>Pricing</b>
5.3.1	An indication of the price at which the securities will be offered <u>and the amount of any expenses and taxes charged to the subscriber or purchaser.</u> <del>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.</del> <ul style="list-style-type: none"> <li>a) <u>The maximum price as far as it is available; or</u></li> <li>b) <u>The valuation methods and criteria, and/or conditions, in accordance with which the final offer price has been or will be determined and an explanation of any valuation methods used.</u></li> </ul> <u>Where neither (a) nor (b) can be provided in the prospectus, the prospectus shall specify that</u>

	<u>acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities to be offered to the public has been filed.</u>
5.3.2	Process for the disclosure of the offer price.
5.3.3	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.
5.3.4	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.
5.4	<b>Placing and underwriting</b>
5.4.1	Name and address of the coordinator(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.
5.4.2	Name and address of any paying agents and depository agents in each country.
5.4.3	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.
5.4.4	When the underwriting agreement has been or will be reached.
<b>6</b>	<b>ADMISSION TO TRADING AND DEALING ARRANGEMENTS</b>
6.1	An indication 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 <del>other equivalent third country markets</del> , <u>SME Growth Market or MTF</u> 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.
6.2	All the regulated markets, <del>or equivalent third country markets</del> , <u>SME Growth Market or MTFs</u> 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.
6.3	If simultaneously or almost simultaneously with the <del>creation application for the admission of the securities for which admission to a regulated market is being sought</del> 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, <del>and characteristics</del> <u>and price</u> of the securities to which they relate.
6.4	<u>In case of an admission to trading on a regulated market</u> , 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.
6.5	Stabilisation: <u>in case of an admission to trading on a regulated market</u> , where an issuer or a selling shareholder has granted an over- allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offer:
6.5.1	The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time.
[6.5.1.1] <u>New</u>	<u>The fact that stabilisation transactions aim at supporting the market price of the securities during the stabilisation period.</u>
6.5.2	The beginning and the end of the period during which stabilisation may occur,

6.5.3	The identity of the stabilisation manager for each relevant jurisdiction unless this is not known at the time of publication,
6.5.4	The fact that stabilisation transactions may result in a market price that is higher than would otherwise prevail.
<u>[6.5.5]</u> <u>New</u>	<u>The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s).</u>
[6.6]  (Moved from 5.2.5)	Over-allotment and 'green shoe':  <u>In case of an admission to trading on a regulated market:</u> <ul style="list-style-type: none"> <li>a) The existence and size of any over- allotment facility and/or 'green shoe';</li> <li>b) The existence period of the over- allotment facility and/or 'green shoe';</li> <li>c) Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.</li> </ul>
<b>7</b>	<b>SELLING SECURITIES HOLDERS</b>
7.1	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.
7.2	The number and class of securities being offered by each of the selling security holders.
7.3	<b>Lock-up agreements</b> The parties involved. Content and exceptions of the agreement. Indication of the period of the lock up.
<b>8</b>	<b>EXPENSE OF THE ISSUE/OFFER</b>
8.1	The total net proceeds and an estimate of the total expenses of the issue/offer.
<b>9</b>	<b>DILUTION</b>
9.1	<del>The amount and percentage of immediate dilution resulting from the offer.</del> <u>A comparison of:</u> <ul style="list-style-type: none"> <li>a) <u>Participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; and</u></li> <li>b) <u>The net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and / or capital increase) and the offering price per share within that public offer.</u></li> </ul>
9.2	<del>In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.</del>  <u>Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience shall also be presented on the basis that they do take up their entitlement (in addition to the situation in 9.1 where they do not).</u>
<b>10</b>	<b>ADDITIONAL INFORMATION</b>
10.1	If advisors connected with an issue are mentioned in the Securities Note, 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.

<p>10.3 (Moved to 1)</p>	<p><del>Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' 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 Securities Note.</del></p>
<p>10.4 (Moved to 1)</p>	<p><del>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.</del></p>