



EU Prospectus Regulation: the timing has now been confirmed

On June 30, 2016, the EU Prospectus Regulation was published in the Official Journal. With the exception of a small number of provisions, the vast majority of the **Regulation** (“The Regulation 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”) will apply from July 21, 2019. The Regulation was published in final text on December 16, 2016.

The employee share scheme exemption

The Regulation states that there should be no requirement to **publish an approved prospectus** for offers made in the context of an employee share scheme. A document simply needs to be provided containing information on the number and nature of the securities and the reasons for and details of the offer. No specific pro-forma document or format has been set by the EU Commission and the request sent to ESMA (the European financial regulatory authority) on the Regulation review does not include a request to cover this exemption.

The employee share scheme exemption is due to come into force on July 21, 2019, as mentioned above, as it is not one of the small number of provisions due to come into effect early, on July 21, 2018. The exemption no longer requires a company offering securities to be registered or listed in the EU or for an equivalency decision to be made in order for it to be able to take advantage of the exemption. As the exemption will not change it is not clear why it cannot come into force on the earlier date.

No equivalency decision requirement

The relaxation of the employee share scheme exemption will provide some comfort for UK registered and UK listed companies which currently rely on the exemption, as following Brexit they could have been required to produce a prospectus with the related costs which have previously adversely affected employee offers proposed by global companies not registered or listed in the EU. This is a reason to seek an earlier entry into force date for this exemption as the current timing means that there will be a gap between the date set for Brexit and the date set for the Regulation to come into force.



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Alexy chairs ProShare’s Global Issues Focus Group.