

Capital markets union: Presidency and EP reach deal on prospectus rules

On 7 December 2016, the presidency reached a provisional agreement with representatives of the European Parliament on new rules on prospectuses for the issuing and **offering of securities**.

The proposal sets out to reduce one of the main regulatory hurdles that companies face when issuing equity and debt securities.

It is intended to **simplify administrative obligations** related to the publication of prospectuses in a manner that still ensures that investors are well informed.

*"This regulation will **help companies gain access** to European capital markets by alleviating them of some of the administrative formalities. Our aim in doing so is to reinforce the role of **market-based finance**, alongside bank finance, in the European economy."*

Peter Kažimír, Slovak minister for finance and president of the Council

The draft regulation is a key element of the EU's plan to develop a fully functioning capital markets union by the end of 2019. It is also one of the measures aimed at **improving the business environment** set out under the EU's 'investment plan for Europe'.

Prospectuses present information about a company that enables investors to decide whether to purchase securities issued or offered by that company. The **law requires** their publication when securities are offered to the public or admitted to trading. However **SMEs** in particular can be deterred from issuing or offering securities because of the paperwork and costs involved.

The agreement will be submitted within a few days to the Permanent Representatives Committee for endorsement on behalf of the Council. The Parliament and the Council will then be called on to adopt the regulation at first reading.