

MAYER | BROWN

**KNOW-HOW SERIES:
EU LISTING ACT**





PART I (13 NOVEMBER 2024)

OVERVIEW OF WEBINAR TOPICS

Part I

- I. Main changes to the Prospectus Regulation by the EU Listing Act (other than ESG)
- II. ESMA Consultation Paper of 28 October 2024 (other than ESG)
- III. News in relation to incorporation by reference and new supplement regime

Part II

- I. Main changes to the Prospectus Regulation by the EU Listing Act in respect of ESG
- II. ESMA Consultation Paper of 28 October 2024 in respect of ESG
- III. New prospectus exemptions
- IV. EU Follow-on prospectus and EU Growth issuance prospectus
- V. Main changes to MAR by the EU Listing Act

The background features a blurred stack of silver coins in the center. Overlaid on this is a semi-transparent candlestick chart with teal and pink bars, and a yellow trend line. Various numerical values are scattered across the chart area. The overall aesthetic is professional and financial.

01

BACKGROUND OF EU LISTING ACT AND TIMELINE

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BACKGROUND (1/4)

Background

- EU capital markets remain fragmented and underdeveloped in size
- Many EU companies find it too burdensome to get listed on stock exchanges

Aims and Objectives of EU Capital Markets Union generally, and Listing Act specifically

- make public markets more attractive for EU companies and **facilitate access to capital for SMEs**
- introduce technical adjustments to EU rulebook that **reduce issuers' regulatory and compliance costs** and
- streamline **listing process** and enhance **legal clarity**, while ensuring appropriate level of investor protection and market integrity



BACKGROUND (2/4)

The EU Listing Act introduces measures to facilitate further development of EU capital markets in following areas:

- amends **Prospectus Regulation** (making it easier and cheaper for companies to get listed)
- amends **Market Abuse Regulation** (MAR) (providing greater legal clarity about what information needs to be disclosed by companies and reinforcing supervisory cooperation between market authorities)
- amends **Markets in Financial Instruments Regulation** (MiFIR)
- amends **MiFID II** and repeals **Listing Directive**
- introduces new directive on **multiple-vote share structures** (allowing SMEs to use multiple-vote share structures in conjunction with first MTF listing)



BACKGROUND (3/4)

In addition, European Commission has introduced measures to facilitate further development of EU capital markets in following areas:

Clearing

- Regulation amends European Market Infrastructure Regulation (EMIR), Capital Requirements Regulation (CRR) and Money Market Funds (MMF) Regulation
- Directive amends Capital Requirements Directive (CRD), Investment Firm Directive (IFD), and Directive on Undertakings for Collective Investment in Transferable Securities (UCITS)

Corporate Insolvency

- New Insolvency Directive harmonising legal provisions related to insolvency proceedings



BACKGROUND (4/4)

Expected benefits:

- For **companies**
 - Significant **cost reductions**
 - Estimated € 67 million savings per year from simpler prospectus rules
 - Estimated € 100 million per year from lower compliance costs for listed companies
- Enhanced visibility for **SMEs**
- Easier navigation of corporate information for **investors**





TIMELINE (1/2)

- On 8 October 2024, Commission formally adopted the EU Listing Act
- On 28 October 2024, ESMA published a Consultation Paper on draft technical advice, with a deadline for comments of 31 December 2024
- On 14 November 2024, the EU Listing Act was published in EU Official Journal: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202402809
- Amendments will generally enter into force on 5 December 2024, and some:
 - *On 5 March 2026:*
 - Provisions on new Follow-on and EU Growth issuance prospectuses
 - *On 5 June 2026:*
 - Revisions to PR exemptions based on offer size
 - PR prospectus and summary standardisation provisions
 - PR sustainability-related revisions
 - PR prospectus language changes
 - New MAR regime on public disclosure of inside information on protracted processes



TIMELINE (2/2)

By 5 December 2025:

- ESMA to submit to Commission draft implementing technical standards (ITS) with template and layout of prospectuses and summaries, including font size and style (Article 6(7)-(8) and 7(14)-(15) PR)

By 31 December 2025:

- Commission to present report to EU Parliament and Council, assessing if prospectus liability requires further harmonisation (Article 48 (2a) PR)

By 5 March 2026:

- Commission to adopt delegated acts regarding standardised format and reduced content for new EU Follow-on and EU Growth issuance prospectuses (Articles 14a(8) and 15a(8) PR)

By 5 June 2026:

- Commission to adopt delegated acts regarding standardised format, sequence and minimum information schedules (including for URDs) (Article 13 PR)
- ESMA to develop guidelines on when supplements introduce **new type of security** (Article 23(8) PR)
- Commission also to adopt (after ESMA consultation) **delegated acts** with additional criteria and overall timeframe for prospectus scrutiny (Article 20 (11) PR)



NEW ARTICLE 48a – TRANSITIONAL PROVISIONS

Prospectuses approved before end of transition period (4 June 2026, and 4 March 2026 for simplified secondary issuance and EU Growth prospectuses) will still be governed by existing PR provisions until end of their validity

'Article 48a

Transitional provisions

1. Prospectuses approved until 4 June 2026 shall continue to be governed until the end of their validity by the version of this Regulation in force on the day of their approval.
2. By way of derogation from paragraph 1, prospectuses approved in accordance with Article 14 until 4 March 2026 shall continue to be governed by that Article until the end of their validity.
3. By way of derogation from paragraph 1, prospectuses approved in accordance with Article 15 until 4 March 2026 shall continue to be governed by that Article until the end of their validity.'

The image features a background of a financial candlestick chart overlaid on a stack of silver coins. The chart includes various data points and trend lines. The central text '02' is prominently displayed in a large, bold, black font. Below it, the text 'AMENDMENTS TO PROSPECTUS REGULATION' is written in a smaller, bold, black font. The overall aesthetic is professional and financial.

02

AMENDMENTS TO PROSPECTUS REGULATION

MORE STANDARDISED PROSPECTUS REQUIREMENTS FOR PRIMARY ISSUANCES

- New **standardised format and sequence of disclosure** (effective 5 June 2026) for
 - prospectus (specifics to be set out in delegated acts) (Article 6 PR) and
 - summary (prescribed order of information, increase of maximum length by up to three pages where there are multiple guarantors and use of charts, graphs or tables) (Article 7 PR)
- By way of derogation, information included in **universal registration document** may be included without regard to standardised format (Article 6(2) PR)
- The same applies when securities are to be admitted to trading on a:
 - **regulated market in the Union**, and
 - are **simultaneously** offered to or privately placed with **investors in a third country** where an offering document is prepared under law, rule or market practice (Article 6(6) PR)
- In addition, plain language guidelines by ESMA and new implementing technical standard on the format and layout are planned



MORE STREAMLINED PROSPECTUS REQUIREMENTS

- **Historic financial information** required: **two years** for equity and **one** year for non-equity (Annexes I and II of the amended PR) (effective 5 June 2026), shorter for new prospectus types (effective 5 March 2026)
- Investors cannot request prospectus **paper copies** (Article 21(11) PR)
- Prospectuses can be prepared in **English only**, except for summary and subject to opt-out if used in a single Member State (Article 27(1) PR)
- IPO: Minimum **period** between publication of prospectus and end of **offer three working** days (Article 21(1) PR)
- **300-page** limit for **IPO prospectuses** (not applicable to non-equity) (Article 6(4) PR) (effective 5 June 2026)





ESMA CONSULTATION PAPER OF 28 OCTOBER 2024

- New Art. 13 Prospectus Regulation as background of Consultation Paper
- Main content:
 - Focus on format and content of prospectuses (other than EU Follow-on prospectus)
 - Detailed focus on ESG information and linkage to new EuGB Regulation (new Article 21a and new Annex 21)
 - New approach for additional disclosure requirements based on other non applicable disclosure annexes (new Article 21b)
 - Some new timelines for approval process (maximum approval period) (new Article 14)



ESMA CONSULTATION PAPER OF 28 OCTOBER 2024 – MAIN CHANGES TO FORMAT AND CONTENT (FOCUS ON NON-EQUITY SECURITIES)

Format

- “Standard” (base) prospectuses (registration document and securities notes, including tripartite prospectuses) for equity and non-equity securities have to follow order specified in new Annexes I to III of the amended PR (**Mandatory Sequence of information**) (Articles 22 and 23 of Delegated Regulation)
- **New:** short introductory sections – separated from warnings and disclaimers

Content

- Proposal to use only one uniform disclosure Annex for each of the registration documents and securities notes for non-equity securities
- Proposal to merge Annexes 6/7 and 14/15 and aligned (reduced) to current EU Growth prospectus annexes



ESMA CONSULTATION PAPER OF 28 OCTOBER 2024 – MAIN CHANGES TO FORMAT AND CONTENT (FOCUS ON NON-EQUITY SECURITIES)

Content (cont'd)

- New uniform Annex 6
 - Small changes to current wholesale minimum disclosure regime
 - EU Listing Act adjustments to risk disclosure and the covered periods of financial statements
 - Optional ESG disclosures for issuers in line with CSRD
 - For retail issues, some disclosure items have been deleted (see next slide as reference); in principle, retail standard has been aligned to existing wholesale standard
- New uniform Annex 13
 - Small changes to wholesale minimum disclosure regime
 - New Annex 13 uses the “use of proceeds” language of (ex) Annex 14
 - Inclusion of cross-references to Guarantor, Derivatives and ESG disclosure annexes



ESMA CONSULTATION PAPER OF 28 OCTOBER 2024 – LIST OF RETAIL RELIEF MEASURES IN NEW ANNEX 6

- Removal of requirement to provide information on:
 - meaning of ratings
 - significant new products or activities of the issuer
 - issuer’s principal markets
 - material changes in the issuer’s borrowing and funding structure
 - expected financing of the issuer’s activities
 - trends, uncertainties, demands, commitments or events that may have a material effect on the issuer’s prospects
 - statutory auditors
 - share capital
 - articles of association



STREAMLINED RISK FACTORS

- Risk factors (Article 16 PR) to be limited to those that are **specific to issuer** and to **securities**, and **material** for making informed investment decision, as corroborated by prospectus content
- **No generic risk factors**, those that only serve as disclaimers or do not give sufficiently clear picture of specific risk factors of which investors are to be aware
- The assessment of the **materiality of the risk factors** may be disclosed, using a **qualitative scale** of low, medium or high, at the discretion of the issuer, offeror or person requesting admission to trading on a regulated market
- The **most material risk factors** in each category must be presented in an order consistent with this assessment
- Issuers who have identified environmental issues as a material risk factor must disclose this in summaries

INCORPORATION BY REFERENCE

Article 19 para (1) (a) – (h), as revised:

Article 19

Incorporation by reference

1. Information that is to be included in a prospectus pursuant to this Regulation and to the delegated acts adopted on the basis of it, ~~may be incorporated by reference in a that~~ prospectus where it has been previously or simultaneously published electronically, drawn up in a language fulfilling the requirements of Article 27 and where it is contained in one of the following documents:

- (a) documents which have been approved by, or filed with, a competent authority, ~~or filed with it,~~ in accordance with this Regulation, ~~including a universal registration document or any sections thereof~~ Directive 2003/71/EC;
- (b) ~~the documents referred to in points (f) to (i) of Article 1(4), first subparagraph, points (da), (db) and (f) to (i), and points (e) to (h) and point (j)(v) of the first subparagraph of~~ Article 1(5), first subparagraph, points (ba) and (c) to (h);
- (c) regulated information;
- (d) annual and interim financial information;
- (e) audit reports and financial statements;
- (f) management reports as referred to in Chapter 5 and 6 of Directive 2013/34/EU including, where applicable, the sustainability reporting of the European Parliament and of the Council ~~(⁴⁸)~~;
- (g) corporate governance statements as referred to in Article 20 of Directive 2013/34/EU;
- (h) reports on the determination of the value of an asset or a company;

Article 19, new para. 1a:

1a. Information that is not to be included in a prospectus may still be incorporated by reference in that prospectus on a voluntary basis, where it has been previously or simultaneously published electronically, drawn up in a language fulfilling the requirements of Article 27 and where it is contained in one of the documents referred to in paragraph 1, first subparagraph.

SUPPLEMENTS TO REFLECT NEW FINANCIAL INFORMATION WHICH IS INCORPORATED BY REFERENCE NO LONGER REQUIRED

Article 19, new para. 1b:

1b. An issuer, an offeror or a person asking for admission to trading on a regulated market shall not be required to publish a supplement pursuant to Article 23(1) for new annual or interim financial information published when a base prospectus is still valid under Article 12(1). Where that new annual or interim financial information is published electronically, it may be incorporated by reference in the base prospectus in accordance with paragraph (1)(d). However, an issuer, an offeror or a person asking for admission to trading on a regulated market shall be entitled to voluntarily publish a supplement for such information.

Preamble:

- (43) To remove unnecessary costs and burdens and to increase the efficiency and effectiveness of the incorporation into the prospectus of information by reference, it should be clarified that companies should not be required to publish a supplement for new annual or interim financial information in a base prospectus which is still valid, contrary to the situations specified in Delegated Regulation (EU) 2019/979. It should instead be possible for the new annual or interim financial information to be incorporated by reference in the base prospectus, provided that the requirements for incorporation by reference, such as electronic publication and language requirements, are fulfilled. However, companies should be allowed to voluntarily publish such information in a supplement.

CHANGES TO SUPPLEMENT REQUIREMENTS (1/2)

- Supplements (Article 23 PR) to base prospectuses must not be used to introduce **new type of security** for which necessary information has not been included in base prospectus unless necessary to comply with capital requirements under EU law or national law transposing EU law
- **ESMA** within **by 5 June 2026 to develop guidelines** specifying circumstances in which supplement is to be considered to introduce new type of security, *e.g.* whether only entirely new financial products or mere tweaks within existing financial product would count



CHANGES TO SUPPLEMENT REQUIREMENTS (2/2)

- Amendment makes permanent previously temporary change that extended from two to **three working days** period within which investors may **withdraw their subscriptions** for securities after issuers publish supplement
- Clarification of which investors financial intermediaries must **contact** when **supplement** is published and extension of deadline to contact those investors from publication day of supplement to end of following working day
- Amendment clarifies that, if supplement is published, financial intermediary is required to inform only those investors who are its clients and agreed to be **contacted by electronic means**





SIMPLIFICATION OF UNIVERSAL REGISTRATION DOCUMENT REGIME

- Frequent issuer status after **one year** of approval instead of two (Article 9(2) PR)
- Can be prepared in English only
- ESMA Consultation Paper—limited proposed changes to URD Annex

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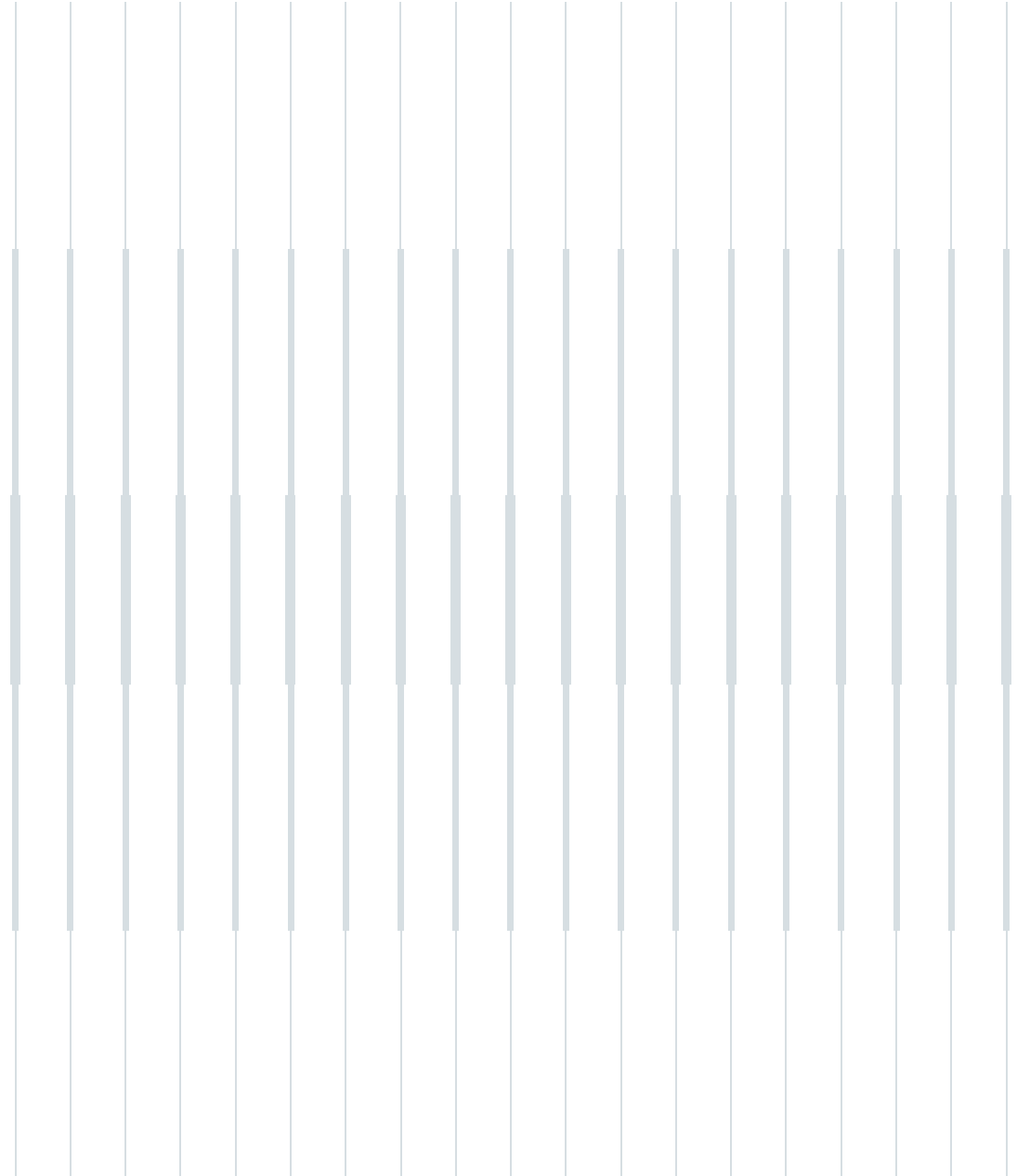
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The team consists of experienced lawyers as well as young, ambitious and inquisitive talents. This also makes it clear to the clients how important it is to the partners to provide well founded training for the up and coming talent. In addition, all team members are incredibly friendly, so working together is a lot of fun, even beyond the technical side

THE LEGAL 500 DEUTSCHLAND (Client)





PART II (20 NOVEMBER 2024)

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INTEGRATION OF ESG-RELATED DISCLOSURE INTO PROSPECTUS

Commission's power under Article 13 PR to adopt delegated acts extended to consider the following ESG-related aspects in the relevant issuer and product disclosure annex:

- (f) → whether the issuer of equity securities is required to provide sustainability reporting, together with the related assurance opinion, in accordance with Directive 2004/109/EC and Directive 2013/34/EU of the European Parliament and of the Council¹³.
- (g) → whether non-equity securities offered to the public or admitted to trading on a regulated market are advertised as taking into account environmental, social or governance (ESG) factors or pursuing ESG objectives.¹⁴

Detailed Explanation:

The empowerment to the Commission to adopt delegated acts to set out the format and content of the prospectus is amended accordingly (Article 13(1) and Annexes I to III of the Prospectus Regulation). It is furthermore clarified that those delegated acts should also consider (i) for issuers of equity securities, whether the issuers is subject to the sustainability reporting under the upcoming Corporate Sustainability Reporting Directive³⁴, and (ii) for issuers of non-equity securities, whether those non-equity securities are marketed as taking into account ESG factors or pursuing ESG objectives.

Preamble:

- (26) Due to the growing importance of sustainability considerations in investment decisions, investors are increasingly considering information on environmental, social and governance (ESG) matters when taking informed investment decisions. It is therefore necessary to prevent greenwashing by establishing the ESG-related information to be provided, where relevant, in the prospectus for equity or non-equity securities offered to the public or admitted to trading on a regulated market. That requirement should, however, not overlap with the requirement laid down in other Union legislative acts to provide that information. Companies that offer equity securities to the public or seek the admission to trading of equity securities on a regulated market should therefore incorporate by reference in the prospectus, for the periods covered by the historical financial information, the management and consolidated management reports, which include the sustainability reporting, as required by Directive 2013/34/EU of the European Parliament and of the Council¹³. Moreover, the Commission should be empowered to set out schedules specifying the ESG-related information to be included in prospectuses for non-equity securities that are advertised as taking into account ESG factors or pursuing ESG objectives. The Commission should ensure consistency between the information required to be disclosed in a prospectus and, where applicable, the sustainability disclosures required under Directive 2013/34/EU or, where applicable, those under Regulation (EU) 2023/2631 of the European Parliament and the Council¹⁴, without undermining the voluntary nature of the label and of the opt-in templates set out in that Regulation.

THE NEW SUSTAINABILITY DISCLOSURE REQUIREMENTS

Under the new Art. 13 1 (f), (g) PR the (revised) delegated shall consider to set out specific requirements:

- for **issuers of equity securities**, in case the issuer is subject to the sustainability reporting requirement (together with the related assurance opinion) under the Corporate Sustainability Reporting Directive (CSRD) (Article 13 PR)
- for **issuers of non-equity securities**, in case those non-equity securities are advertised as taking into account environmental, social or governance (ESG) factors or pursuing ESG objectives.

These new empowerments provide now a sound legal basis for the Commission to develop a list of additional information (“a building block”) to be included in an amendment to Commission Delegated Regulation (EU) 2019/980 (to set aside the ESMA Public Statement).

This new building block aims to improve consistency and comparability of information included in prospectuses and fight greenwashing



THE NEW SUSTAINABILITY DISCLOSURE REQUIREMENTS

It is further clarified under Art. 13 (1a) PR that the delegated acts (to be enacted by 5 June 2026) should consider alignment with the EU Green Bond Regulation:

- **Prospectuses for European Green Bonds** must also **incorporate by reference** the relevant information contained in the relevant European Green Bond **factsheet** and
- **Prospectuses of bonds** marketed as **environmentally sustainable** or for a sustainability-linked bond must include **optional disclosures** that the issuer has chosen to include.

1a. For the purposes of the second subparagraph of paragraph 1, point (g), when setting out the various prospectus schedules, the following shall apply:

(a) the prospectus for a European Green Bond as referred to in Article 1, point (a) of Regulation (EU) 2023/... of the European Parliament and of the Council¹⁴ shall incorporate by reference the relevant information contained in the European Green Bond factsheet as referred to in Article 10 of that Regulation.

~~(a)~~(b) the prospectus for a bond marketed as environmentally sustainable or for a sustainability-linked bond, as referred to in Article 1(c) of that Regulation, shall include the relevant optional disclosures set out in that Regulation, provided that the issuer has opted in for those optional disclosures.

NEW REQUIREMENTS FOR THE SUMMARY

- Must include a statement that the issuer has identified **enviromental issues** as a material risk factor, where applicable (Article 7(5)(g) PR)
- Regarding the key information on the **equity securities**, a statement shall be included, whether the issuer's activities are associated with economic activities that **qualify** as **environmentally sustainable** under the Taxonomy Regulation (Article 7(6)(vi) PR)
- Effective 5 June 2026



ESMA PUBLIC STATEMENT AS A GAP FILLER

- In its Public Statement of 11 July 2023, ESMA provided detailed guidance on disclosure requirements for sustainability-related information for non-equity securities in prospectuses
- The statement thus closes the “regulatory gap” until the planned EU Listing Act and the EU Green Bond Standard are both in full force
- The Public Statement intends to protect investors and to enable them to better assess whether securities comply with sustainability objectives (the legal basis of the Public Statement is rather unclear and in parts problematic)
- It follows ESMA policy target to complete its sustainable finance strategy and to fight greenwashing.



SUSTAINABILITY DISCLOSURE IN PROSPECTUSES UNDER CURRENT LAW

Public Statement

Sustainability disclosure in prospectuses

ESMA supports the Environmental, Social and Governance (ESG) transition by focussing on the effectiveness and integrity of ESG markets¹. As part of this work, ESMA is monitoring the sustainability-related disclosure provided in prospectuses and is issuing this statement to underline the relevant requirements concerning both equity and non-equity securities.

While the Listing Act² proposals envisage disclosures with respect to sustainability matters, there will be a period before they apply. In addition, the Regulation on European green bonds³ is expected to include requirements for prospectuses, although it is not expected to give details of the sustainability-related disclosures that should be included in prospectuses drawn up under the Prospectus Regulation⁴ (PR). Given the importance of these matters to investors, ESMA is issuing this statement in accordance with Article 31 of the ESMA Regulation⁵ to promote coordinated action by NCAs regarding the sustainability-related disclosure that should be included in prospectuses under the current legislation. While this statement is addressed to NCAs, its contents should be taken into account by issuers and advisors when drawing up prospectuses, including sustainability-related disclosure.

Some key points:

- ESMA expects that *material* sustainability-related disclosure is included in equity and nonequity prospectuses as well as final terms in accordance with Article 6(1) PR
- The type of sustainability information required to satisfy Article 6(1) PR will depend on the materiality of the information to an investor. The circumstances of the issuer and the type of securities in question are critical to determining which information will be material
- ESMA reminds issuers to consider sustainability-related matters when preparing prospectuses to the extent that the effects of those matters are *material*, even if the disclosure requirements in Commission Delegated Regulation 2019/980 do not explicitly refer to sustainability-related matters

CONSISTENCY OF SUSTAINABILITY-RELATED DISCLOSURE IN PROSPECTUSES AND ADVERTISEMENTS



Consistency of sustainability-related disclosure in prospectuses and advertisements

ESMA and NCAs have observed that some issuers include sustainability-related disclosure in their advertisements that is not included in their prospectus. If this disclosure is material under Article 6(1) PR, it should first be included in their prospectus. For example, this could be via a supplement to the prospectus. The importance of the sustainability-related disclosure in the advertisement for investors is an indicator of its materiality. This also ensures the consistency of the information in the advertisement with the information in the prospectus, as required under 22(3) and (4) PR.



ESMA CONSULTATION PAPER OF 28 OCTOBER 2024 - FURTHER GUIDANCE ON ESG DISCLOSURES

- New Annex 21 as “building block” to be used with other annexes for non-equity securities, including the categorisation of information to Cat. A, B and C
- Annex 21 does not define its general application but includes new definitions of:
 - sustainability-linked bonds and
 - ‘use of proceeds’ bonds (e.g. green bonds or social bonds)
- It also covers European Green Bonds under EU Green Bond Regulation (EuGB) and securities issued by using voluntary pre-issuance templates
- Disclosure in EuGB factsheets to be classified as Category C information (Article 26 Delegated Regulation)
- Inappropriate to align PR disclosure requirements with SFDR or MiFID II investor preferences
- Non-equity issuers may provide entity level sustainability information in registration document via link to website

KEY NEW ASPECTS OF THE PROPOSED NEW ANNEX 21

To avoid greenwashing

Important aspects beyond the ESMA Public Statement

Risk-Factors--Item-1.1¶

Prominent disclosure of risk factors that are material to the securities being offered and/or admitted to trading in order to assess the risks associated with the ESG profile of these securities and the market risk in the section headed 'Risk Factors'. The risk factors should disclose the possible **impact of the materialisation of the risks on the ESG profile** of the securities **and the likely financial effect**.¶

Item-2.1¶

the prospectus must unequivocally state **how** the criteria in Article 3 of the Taxonomy Regulation or the criteria in the third country taxonomy, specific market standard or label are met **and that they are significant** in relation to the ESG features or objective of the non-equity securities.¶

Item-2.2¶

A **clear and comprehensive explanation** to help investors understand the ESG factors taken into account by the securities and/or ESG objectives pursued by the securities.¶

Use of proceeds bonds: Mostly in line with ESMA Public Statement; summary of framework or website link (without inclusion in prospectus) to be included; some new emphasis added:

"This disclosure should clarify whether the 'use of proceeds' bonds are part of financing the entirety of the issuer's green/sustainability strategy and explain the 'use of proceeds' bonds contribution to that strategy, including, where relevant, the financing of activities eligible and/or aligned with the EU Taxonomy or a third country taxonomy."¶

The additional detail on "including whether these loans or assets are eligible and/or aligned with the EU Taxonomy or a third country taxonomy" was added.¶

SLBs: Mostly in line with ESMA Public Statement; some new emphasis added:

Item 4.1.2 goes beyond the ESMA Public Statement and requires issuers—in addition to information about the selected key performance indicator(s) (KPIs), the sustainability performance target(s) (SPTs) and information enabling investors to assess the consistency of the KPIs and its associated SPTs with the relevant sector-specific science-based targets (if any) and the issuer's sustainability strategy—to disclose a general description of any financial features of the securities such as interest or premium payments which are influenced by the fulfilment or failure to fulfil sustainability or ESG objectives.¶

KEY NEW ASPECTS OF THE PROPOSED NEW ANNEX 21

Structured products: Although the new section 5 follows the fundamental concepts of the ESMA Public Statement, its content is new and explicitly relates to the disclosures on the corresponding underlyings.

Item 5.1.1

A description of the underlying and of the ESG features of the underlying.

An explanation of how the use of an underlying is compatible with the sustainability characteristics that the non-equity securities promote or with the objective of sustainable investment.

Item 5.1.3

A statement as to whether the sustainability features are material for the assessment of the securities.

Post issuance information:

Item 6.3

Whether post-issuance information will be provided. This disclosure should include an indication of what information will be reported (if any) and where it can be obtained.

Item 6.4

If any review, advice or assurances will be provided by advisors or third parties in relation to the post-issuance information, disclosure concerning the scope of those assurances and by whom they are expected to be provided.

ESG Ratings:

Item 6.1

ESG ratings assigned to the issuer or the securities at the request or the cooperation of the issuer in the rating process. A brief explanation of the meaning of the ratings, if it has previously been published by the rating provider.

Advisors:

Item 6.2

If any review, advice or assurances have been provided by advisors or third parties about the ESG profile of the security, the prospectus shall contain disclosure concerning the scope of the review, advice or assurance and by whom they were provided.

An electronic link to the website where investors will be able to access the reports, if any, shall be included in the prospectus, together with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus



NEW EXEMPTIONS FOR SECONDARY ISSUANCES OF SECURITIES FUNGIBLE WITH SECURITIES ALREADY ADMITTED TO TRADING (1/2)

- Existing exemption from prospectus requirement if new securities represent, over 12-month period, less than 20% of securities already admitted to trading **expanded** to apply to **both public offer of securities** and their **admission to trading** and companies that have had securities traded on **SME growth market**, applicable threshold increased from 20% to 30% (Articles 1(4) and 1(5) PR)
- **New exemption** for companies issuing securities fungible with securities already admitted to trading on regulated market or SME growth market continuously for at least 18 months



NEW EXEMPTIONS FOR SECONDARY ISSUANCES OF SECURITIES FUNGIBLE WITH SECURITIES ALREADY ADMITTED TO TRADING (2/2)

- In respect to these companies and public offers, instead of prospectus, a **short summary document** (maximum 11 pages, including statement of compliance with ongoing and periodic reporting, transparency obligations etc.) must be prepared and filed
- Exemption does not apply to secondary issuances of securities
 - **not fungible** with securities already admitted to trading and
 - by companies that are in **financial distress** or that are going through **significant transformation** (e.g. change of control resulting from takeover, merger or division)
 - These issuers must prepare **EU Follow-on prospectus**



EXEMPTIONS BASED ON OFFER SIZE

- Effective 5 June 2026, new threshold of **EUR 12 million** (Article 3(2) PR):
 - Below this threshold, public offers of securities are exempted from obligation to publish prospectus, so long those offers do not require passporting
 - Threshold is based on total consideration of aggregated offers made by same issuer in EU over 12-month period
- Member States allowed to set the applicable threshold at **EUR 5 million** instead, and may
- For smaller offers, issuers are required to prepare a short disclosure document, as set out in Article 7 paragraphs (3) to (10) and (12) PR or national disclosure documents not more extensive than the information required to be included in a prospectus summary, as set out in Article 7 paragraphs (4) to (10) and (12) PR
- Temporarily adopted threshold of **EUR 150 million** for offers of non-equity securities by credit institutions made permanent (Articles 1(4)(j) and 1(5)(i) PR)

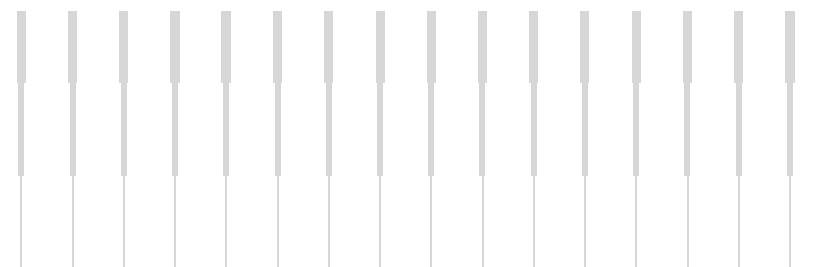
NEW EU FOLLOW-ON PROSPECTUS

- Replaces simplified disclosure regime for secondary issuances and EU Recovery Prospectus (New Articles 7(12a), 14a, 20(6a) and 21(5a) PR and Annexes IV and V) (effective 5 March 2026)
- New prospectus format on permanent basis **for secondary issuances (equity and non-equity securities)**
- Applies to **secondary issuances that do not fall under an exemption** (e.g. where fungibility criterion is not fulfilled)
- **Voluntary prospectus is possible** for issuances that fall under exemption
- **Standardised format and sequence** containing the information set out in delegated acts to be based on Annex IV and V
- Specific **short-form summary** (e.g. maximum length of 7 pages)
- **Reduced scrutiny period** of 7 working days for competent authorities, for most offers
- **50-page limit** for prospectuses related to share or equivalent securities
- Can be prepared in language customary in international finance (except for summary)
- Commission Delegated Act by **5 March 2026**



NEW EU GROWTH ISSUANCE PROSPECTUS

- For SMEs, issuers the securities of which are listed or to be listed on an SME growth market and offers from small unlisted companies up to EUR 50 Mio. (New Articles 7(12a), 15a and 21(5b) PR and Annexes VII and VIII) (effective 5 March 2026)
- Standardised format and sequence containing the information set out in delegated acts to be based on Annex VII and VIII
- Specific **short-form summary** (e.g. maximum length of 7 pages)
- **Reduced scrutiny period** of 7 working days for competent authorities
- 75-page limit for shares
- Can be prepared in language customary in international finance (except for summary)
- For whom required (mandatory) and when?
 - SMEs and issuers whose securities are admitted or to be admitted to trading on SME growth market
 - No securities admitted to trading on regulated market (in that case, EU Follow-on prospectus is possible)
 - Offers from small (average number of employees during previous financial year of up to 499) unlisted companies up to EUR 50 Mio. over a period of 12 months
 - If no exemption from obligation to publish prospectus for public offers of securities otherwise applies



CHANGES TO THE EQUIVALENCE REGIME FOR THIRD-COUNTRY PROSPECTUSES (1/3)

All the following conditions must be met to adopt an implementing act for a given third country (Article 29 PR):

- the third country's legally binding requirements must ensure that the third-country prospectus contains the **necessary material information** to enable investors to make **an informed investment decision** in a manner equivalent to **PR requirements**
- where retail investors are allowed to invest in securities for which a third-country prospectus has been prepared, that prospectus contains a **summary** providing the **key information** that retail investors need to understand the **nature and the risks of the issuer**, the **securities** and, where applicable, the **guarantor**



- the third country's laws, regulations and administrative provisions on **civil liability** apply to the **persons responsible for the information** given in the prospectus (including at least to the issuer or its administrative, management or supervisory bodies, the offeror, the person asking for the admission to trading on a regulated market and, where applicable, the guarantor)

CHANGES TO THE EQUIVALENCE REGIME FOR THIRD-COUNTRY PROSPECTUSES (2/3)

- the third country's legally binding requirements specify the validity of the third-country prospectus and the obligation to supplement the third-country prospectus where a **significant new factor, material mistake or material inaccuracy** of the information included in that prospectus could affect the assessment of the securities, as well as the conditions for investors to exercise their withdrawal rights in such a case and
- the **third country's supervisory framework** for the scrutiny and approval of third-country prospectuses and the arrangements for the publication of third-country prospectuses have an **equivalent effect** as the provisions referred to in Articles 20 and 21 PR



CHANGES TO THE EQUIVALENCE REGIME FOR THIRD-COUNTRY PROSPECTUSES (3/3)

As long as:

- the relevant implementing act has been adopted
- cooperation arrangements with the supervisory authorities of the third country have been concluded and
- the prospectus fulfils the applicable PR requirements related to language

the **approval** by the competent authority of the home Member State of a prospectus prepared in line with the laws of a third country **is replaced with the mere filing with that competent authority**



The image features a background of a financial candlestick chart overlaid on a stack of silver coins. The chart includes various data points and trend lines. The central text '03' is prominently displayed in a large, bold, black font. Below it, the title 'AMENDMENTS TO MARKET ABUSE REGULATION' is written in a smaller, bold, black font. The overall aesthetic is professional and financial.

03

AMENDMENTS TO MARKET ABUSE REGULATION

NARROWED SCOPE OF DUTY TO DISCLOSE INSIDE INFORMATION

- Applies to protracted processes (*i.e.* multi-staged events, such as mergers) (Article 17 MAR)
- Disclosure obligation does not cover intermediate steps, but only final circumstances or events
- Prohibition of insider dealing and insider list requirements (which remain unchanged) continue to apply for intermediate steps
- Immediate disclosure required in case of leaks
- Changes effective 5 June 2026
- Commission may adopt delegated act to set out non-exhaustive list of:
 - relevant information categories and
 - disclosure timing guidance for each category





CLARIFICATION OF CONDITIONS FOR ISSUERS TO DELAY DISCLOSURE

- General condition that delay should not be likely to mislead the public replaced by specific condition that inside information must not be in contrast with issuer's latest public announcement on same matter (Article 17 MAR)
 - Change effective 5 June 2026
- Commission may adopt delegated act to set out non-exhaustive list of such situations
- ESMA to issue guidelines with non-exhaustive indicative list of legitimate interests of issuers likely to be prejudiced by immediate disclosure
- Parent (but not related) undertakings of credit or financial institutions can also delay public disclosure of inside information to preserve the stability of the financial system if certain conditions are met
 - Change effective 5 December 2024

CHANGES TO MANAGERS' TRANSACTIONS NOTICES

- Annual threshold for reporting (Article 19 MAR) raised from EUR 5,000 to EUR 20,000
- Dispensation to local competent authorities to raise from EUR 20,000 to EUR 50,000 or decrease to EUR 10,000 at national level
- Newly exempted management transactions during closed period:
 - Employees' schemes not involving shares
 - Transactions where no investment decision is taken by management
 - Transactions that result exclusively from external factors or third parties' actions
 - Transactions or trade activities based on predetermined terms – including exercises of derivatives



CLARIFICATION OF SAFE-HARBOUR NATURE OF MARKET SOUNDING REGIME

- Article 11 MAR provisions are only optional "safe-harbour" for disclosing market participants (DMPs)
- No presumption of unlawful disclosure if DMPs opt to carry out market soundings without complying with requirements
- Record-keeping and notice provisions do apply: DMPs must consider whether process involves inside information and make written record of the conclusions and underlying reasons and provide it to competent authorities upon request
- Definition of market sounding expanded to include cases where deal is not announced





CLARIFICATIONS TO EXCEPTIONS FOR BUY-BACK PROGRAMMES AND STABILISATION

- Simplification of reporting mechanism that issuer must follow for its buy-back programme (Article 5 MAR) to benefit from MAR exceptions
- Issuers must report information only to competent authority of most relevant market in terms of liquidity for their shares and disclose to the public only aggregated information



ADMINISTRATIVE SANCTIONS TIED TO ISSUER SIZE

- Maximum percentages of annual turnover for administrative sanctions (Article 30 MAR):
 - **15%** for insider dealing, unlawful disclosure of inside information and market manipulation
 - **2%** for insufficient arrangements, systems and procedures aimed at preventing and detecting (attempted) insider dealing and market manipulation, and failure to timely disclose inside information, or failure to comply with delay of disclosure regime and
 - **0.8%** for violations of requirements relating to insider lists, manager's transactions and investment recommendations and statistics
- For certain types of infringements, competent authorities may alternatively impose sanctions based on absolute amounts if they deem amount calculated based on total annual turnover disproportionately low, considering relevant circumstances
- Disadvantage of duplicative criminal and administrative proceedings and penalties for same conduct added as relevant circumstance
- Member States to introduce measures to comply with new sanctions regime by 5 June 2026

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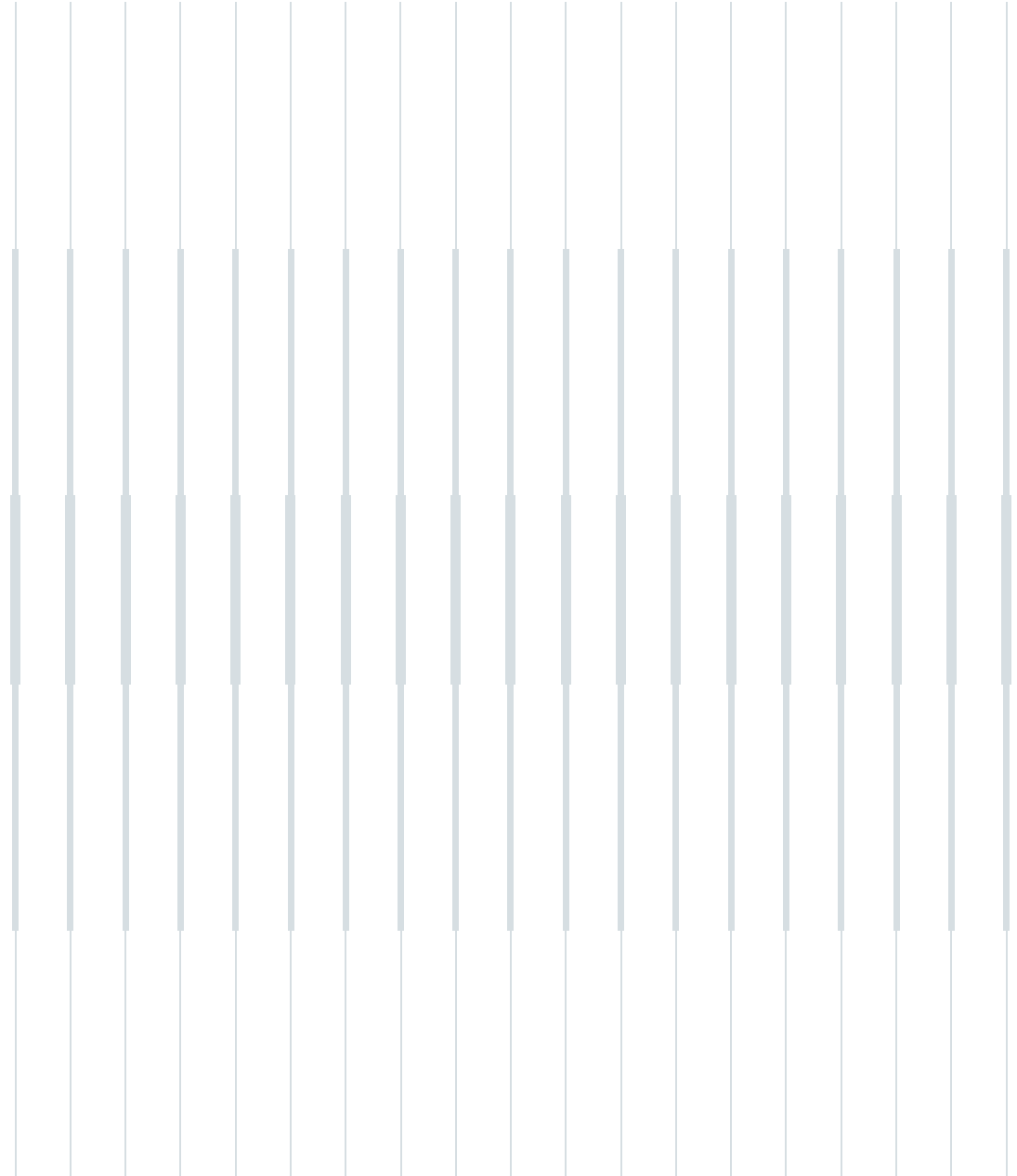
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The team consists of experienced lawyers as well as young, ambitious and inquisitive talents. This also makes it clear to the clients how important it is to the partners to provide well founded training for the up and coming talent. In addition, all team members are incredibly friendly, so working together is a lot of fun, even beyond the technical side

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