



**COUNCIL OF  
THE EUROPEAN UNION**



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PRESSE 273

### **Financial services: simplified rules on prospectuses for securities**

The Council adopted today<sup>1</sup> a directive aimed at simplifying rules on prospectuses for securities and on information about the issuers of transferable securities on financial markets, whilst at the same time upgrading investor protection (doc. [29/10](#)).

The text, which amends directives 2003/71/EC and 2004/109/EC, is part of a legislative simplification plan agreed by the European Council in March 2007 with the aim of boosting the competitiveness of European companies by reducing administrative burdens that generate costs and inefficiencies.

The existing rules allow for a prospectus approved by the competent authority in one member state to be valid for public offers and the admission to trading of the relevant security within the entire EU. They have had a favourable impact on the quality of information made available to investors, and the Commission's assessment, five years after entry into force of those rules, is positive.

However, the Commission's review also revealed some deficiencies, and the new directive sets out to improve legal clarity and reduce the burdens imposed on issuers and intermediaries.

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<sup>1</sup> The decision was taken without discussion at a meeting of the Competitiveness Council.

## **P R E S S**

In particular, cost savings are expected to be generated by:

- reducing disclosure requirements for companies with reduced market capitalisation;
- the removal of rules leading to double transparency obligations;
- exemption of employee shares schemes from the obligation to publish a prospectus;
- reducing disclosure requirements for raising capital through rights issues;
- excluding detailed information on the financial situation of the guarantor in the case of government guarantee schemes.

The potential savings to be created by these measures is estimated to be up to EUR 302 million per year.

The directive is also aimed at enhancing the level of investor protection and ensuring that information provided about the issuers of securities is sufficient so as to allow investors to analyse prospects and risks, particularly in the light of lessons learned during the financial crisis.

Adoption by the Council follows an agreement on the text reached with the European Parliament; the directive incorporates all amendments voted by the Parliament in first reading on 17 June.

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