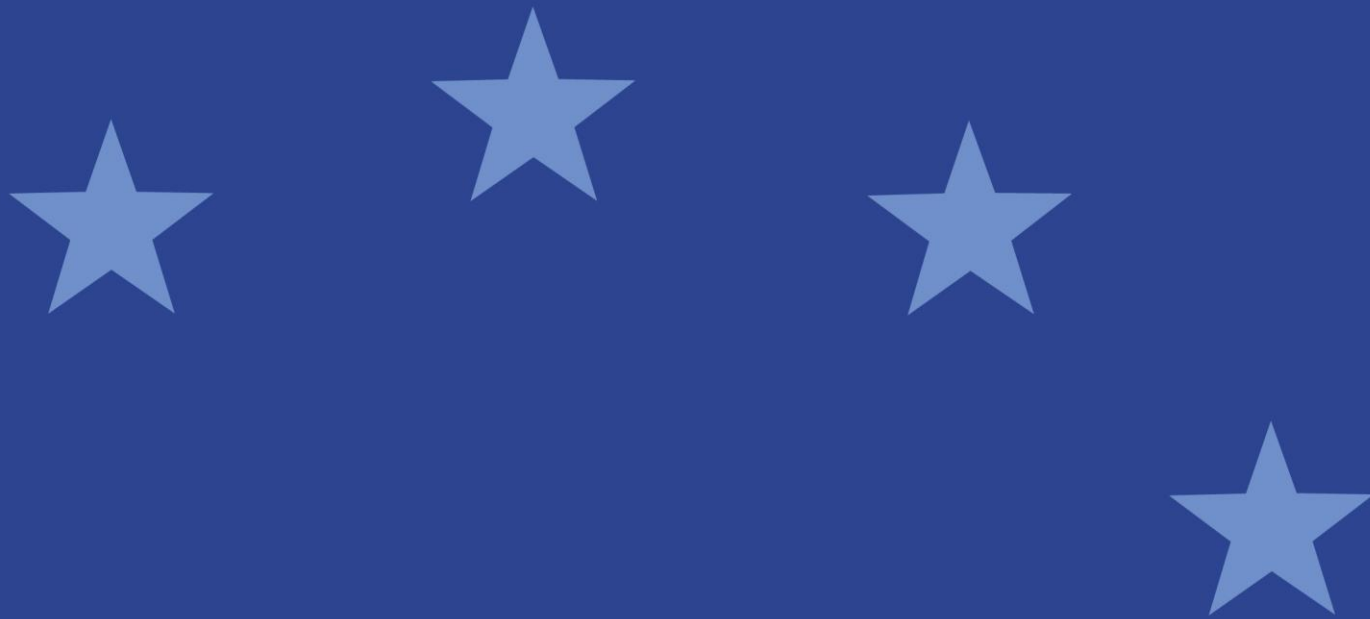




European Securities and  
Markets Authority

# Questions and Answers

## on the Prospectus Regulation



ESMA/2019/ESMA31-62-1258  
Version 3  
Last updated on 04 December 2019

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## 1. Purpose and status

1. The purpose of this document is to promote common, uniform and consistent supervisory approaches and practices in the day-to-day application of the Prospectus Regulation. It does this by providing responses to questions asked by the public, financial market participants, competent authorities and other stakeholders. The question and answer (Q&A) tool is a practical convergence tool used to promote common supervisory approaches and practices under Article 29(2) of the ESMA Regulation. Further information on ESMA's Q&A process is available on our website.
2. ESMA intends to update this document on a regular basis and, for ease of reference, ESMA provides the date each question was first published as well as the date/s of amendment beside each question. A table of all questions in this document is provided in Section 3.
3. Additional questions on the Prospectus Regulation may be submitted to ESMA through the Q&A tool on our website. Please see the guidance available on our website before submitting your question.

## 2. Legislative references and abbreviations

### Legislative references

*Commission Delegated Regulation 2019/979*

Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301<sup>1</sup>

*Commission Delegated Regulation 2019/980*

Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004<sup>2</sup>

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<sup>1</sup> OJ L 166, 21.06.2019, p. 1-25

<sup>2</sup> OJ L 166, 21.06.2019, p. 26-176

<i>ESMA Regulation</i>	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC <sup>3</sup>
<i>Prospectus Directive / PD</i>	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 and amending Directive 2001/34/EC <sup>4</sup>
<i>Prospectus Regulation / PR</i>	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>5</sup>
<i>Market Abuse Regulation</i>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and 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 <sup>6</sup>
<i>MiFID II</i>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU <sup>7</sup>

## **Abbreviations/Acronyms**

<i>APM</i>	Alternative Performance Measure
<i>Competent Authority / NCA</i>	National Competent Authority
<i>CP</i>	Consultation Paper
<i>CESR</i>	Committee of European Securities Regulators

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<sup>3</sup> OJ L 331, 15.12.2010, p. 84

<sup>4</sup> OJ L 345, 31.12.2003, p. 64

<sup>5</sup> OJ L 168, 30.06.2017, p. 12

<sup>6</sup> OJ L 173, 12.06.2014, p. 1-61

<sup>7</sup> OJ L 173, 12.06.2014, p. 349

<i>EC</i>	European Commission
<i>EEA</i>	European Economic Area
<i>EU</i>	European Union
<i>ESMA</i>	European Securities and Markets Authority
<i>RD</i>	Registration Document
<i>SMSG</i>	Securities and Markets Stakeholder Group
<i>URD</i>	Universal Registration Document

### 3. Summary table

4. This table summarises the Q&As set out in section 4 entitled ‘Questions and Answers’ by subject and topic. Furthermore, it sets out the provisions which the Q&As aim to clarify, the date the Q&As have been last updated and the number of the Q&As, e.g. 1.1, 1.2, 2.1, etc.

Subject	Q	Topic of the Question	Level 1 / Level 2 / Other provision	Last updated
Grandfathering/ Implementation of the Prospectus Regulation	1.1	Application of provisions on advertisements under the Prospectus Regulation to prospectuses approved under national laws implementing the Prospectus Directive.	Article 46(3) PR	27 March 2019
Grandfathering/ Implementation of the Prospectus Regulation	1.2	Use of Registration Document approved under national laws implementing the Prospectus Directive in a prospectus approved under the Prospectus Regulation.	Article 46(3) PR	27 March 2019
Grandfathering/ Implementation of the Prospectus Regulation	1.3	Passporting of a prospectus approved under national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation.	Article 46(3) PR	27 March 2019

Grandfathering/ Implementation of the Prospectus Regulation	1.4	Supplementing of a prospectus approved under national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation.	Article 46(3) PR	27 March 2019
Grandfathering/ Implementation of the Prospectus Regulation	1.5	Filing of final terms in relation to a base prospectus approved under national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation.	Article 46(3) PR	27 March 2019
Grandfathering/ Implementating of the Prospectus Regulation	1.6	Continuing an offer which has initially been made using a base prospectus approved pursuant national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation	Article 8(11) PR	12 July 2019
Status of level 3 guidance following the transition from the PD to the PR.	2.1	Applicability of the Level 3 guidance relating to the Prospectus Directive after the entry into application of the Prospectus Regulation.	ESMA update of the CESR Recommendations (20 March 2013) ESMA/2013/319  ESMA Q&As on prospectuses (29th updated version – January 2019) ESMA31-62-780.	27 March 2019
Updating information in an RD or URD	3.1	Updating information in a registration document before it is part of a prospectus.	Article 10(1) PR Article 26(5) PR	27 March 2019
Updating information in an RD or URD	3.2	Updating information in a universal registration document before it is part of a prospectus.	Article 9(7) PR Article 9(9) PR Article 9(10) PR Article 10(3) PR Article 26(2) PR	27 March 2019
Updating information in an RD or URD	3.3	Updating information in a registration document or a universal registration document after it is part of a prospectus.	Article 9(1) PR Article 10(1) PR Article 12 PR Article 23 PR Article 23(2) PR Article 23(5) PR Article 26(3) PR	27 March 2019



Public offer	4.1	Share options schemes	Article 2(a) PR Article 2(d) PR	12 July 2019
Public offer	4.2	Free offers	Article 2(d) PR	12 July 2019
Public offer	4.3	Rights issue: communication by a custodian to its clients in a member state about pre-emption rights in relation to a public offer of new shares taking place in another EEA member state	Article 2(d) PR	12 July 2019
Public offer	4.4	Subscription of securities by residents of a country where the public offer is not taking place	Article 2(d) PR	12 July 2019
Incorporation by reference	5.1	Incorporation by reference: language requirements	Article 19 PR  Annex 1, item 18.1 of Commission Delegated Regulation 2019/980	12 July 2019
Home Member State	6.1	Nearly equivalence of Euro 1,000 (Article 2(m)(ii) of the Prospectus Regulation)	Article 2(m)(ii) PR	12 July 2019

Financial information	7.1	Item 18.1.1 of Annex I of the Commission Delegated Regulation (EU) 2019/980	Annex 1, item 18.1.1 of Commission Delegated Regulation 2019/980	12 July 2019
Financial information	7.2	Inclusion of Alternative Performance Measures (APMs) in information disclosed about the offer to the public or the admission to trading on a regulated market	Article 16(1)(d) of Commission Delegated Regulation 2019/979	12 July 2019
Supplements	8.1	Supplement to prospectuses: interim financial information	Article 23 PR Article 23(1) PR	12 July 2019
Supplements	8.2	Non-relevant information in relation to a published prospectus that does not trigger the obligation to publish a supplement	Article 23(1) PR Article 21(10) PR	12 July 2019
Supplements	8.3	Application of Article 23(3) where an entity distributes its own securities.	Article 23(3) PR	12 July 2019
Supplements	8.4	Application of Article 23(3) subparagraphs 1 and 2	Article 23(1)(2) PR	12 July 2019

Passporting	9.1	Quality of translations of passported prospectuses	Article 27(2)(3)(4) PR Article 25 (1) PR	12 July 2019
Responsibility for a prospectus	10.1	Responsibility Statements	Article 11 PR Article 11(1) PR	12 July 2019
Final terms / Base prospectus	11.1	More than one final terms for a specific issue of bonds	Article 8(4) PR Article 23 PR  Article 18 of Commission Delegated Regulation 2019/979 General	12 July 2019
Final terms / Base prospectus	11.2	Issue specific details in case of Category B items	Article 26(2) of Commission Delegated Regulation 2019/980	12 July 2019
Derivatives, indices, underlyings & related disclosure	12.1	Interpretation of the text "description of the index" included in item 2.2.2 of Annex 17 of the Commission Delegated Regulation (EU) 2019/980	Annex 17, item 2.2.2 of Commission Delegated Regulation 2019/980	12 July 2019
Derivatives, indices, underlyings & related disclosure	12.2	Type of underlying	Annex 14, item 4.8 of Commission Delegated Regulation 2019/980  Annex 15, item 4.8 of Commission Delegated Regulation 2019/980	12 July 2019

			<p>Annex 16, item 4.9 of Commission Delegated Regulation 2019/980</p> <p>Annex 17, item 2.2.2 of Commission Delegated Regulation 2019/980</p> <p>Annex 27, item 3.1.7 of Commission Delegated Regulation 2019/980</p>	
Summaries	13.1	Inclusion of “extra” information in individual summaries	<p>Article 7 PR</p> <p>Article 7(9) PR</p> <p>Article 8(9)(a)(b) PR</p>	12 July 2019
Summaries	13.2	Pro-forma summaries in base prospectuses	<p>Article 8 PR</p> <p>Article 8(8)</p> <p>Article 8(9)</p>	04 December 2019
Other	14.1	Offering programmes	General	12 July 2019
Other	14.2	Use of the term “prospectus”	General	12 July 2019

Other	14.3	Item 4.6 of Annex 11 of Commission Delegated Regulation (EU) 2019/980	Annex 11, item 4.6 of Commission Delegated Regulation 2019/980	12 July 2019
Other	14.4	Scope of the wording 'any bankruptcies, receiverships or liquidations' used in Annex 1, item 12.1 and Annex 3, item 8.1	Annex 1, item 12.1 of Commission Delegated Regulation 2019/980  Annex 3, item 8.1 of Commission Delegated Regulation 2019/980	12 July 2019
Other	14.5	Estimate expenses charged by a financial intermediary in a retail cascade	General	12 July 2019
Other	14.6	Application of the various annexes of Commission Delegated Regulation 2019/980	Article 6 PR Commission Delegated Regulation 2019/980	04 December 2019

## 4. Questions and Answers

### Grandfathering/Implementation of the Prospectus Regulation

#### 1.1 Application of provisions on advertisements under the Prospectus Regulation to prospectuses approved under national laws implementing the Prospectus Directive

Updated: 27/03/2019

**Q1.1** If advertisements are published in relation to securities in a prospectus approved in accordance with the national laws implementing the Prospectus Directive, do the national laws implementing the Prospectus Directive apply or the rules relating to advertisements in the Prospectus Regulation?

**A1.1** *Advertisements do not fall within the scope of the grandfathering provisions in Article 46(3) of the Prospectus Regulation, because they do not form a part of a prospectus and the scope of the grandfathering provisions is limited to prospectuses approved in accordance with the national laws implementing the Prospectus Directive. This means that all advertisements published after the full entry into application of the Prospectus Regulation will need to comply with the Prospectus Regulation.*

*This means that if an advertisement is published in May 2019 before the entry into application of the Prospectus Regulation, the national rules implementing the Prospectus Directive will apply. However, where an advertisement is published in, for example, August 2019, the rules in the Prospectus Regulation will apply to it, even if it relates to securities that are subject to a prospectus that was approved pursuant to the national laws of a Member State implementing the Prospectus Directive.*

#### 1.2 Use of Registration Document approved under national laws implementing the Prospectus Directive in a prospectus approved under the Prospectus Regulation

Updated: 27/03/2019

**Q1.2 Can a Registration Document approved or filed in accordance with the national laws implementing the Prospectus Directive be used as a constituent part of a prospectus approved under the Prospectus Regulation?**

**A1.2** *It is not possible to use a registration document approved or filed under the Prospectus Directive as a constituent part of a prospectus approved under the Prospectus Regulation. Although registration documents are approved or filed under the Prospectus Directive, they do not qualify as a prospectus without a securities note and summary. Article 46(3) of the Prospectus Regulation only applies to full prospectuses (i.e. a registration document, securities note and summary) approved or filed in accordance with the national laws implementing the Prospectus Directive.*

*Nevertheless, information from a registration document approved or filed in accordance with the national laws implementing the Prospectus Directive can be incorporated by reference into a prospectus that will be approved in accordance with the Prospectus Regulation pursuant to Article 19(1)(a). However, information included in a registration document that was approved or filed in accordance with the national laws of a Member State implementing the Prospectus Directive and that is incorporated by reference will still need to comply with the relevant disclosure requirements set out in the Prospectus Regulation. This may require including information in the prospectus, so that the disclosure requirements in the Prospectus Regulation are satisfied.<sup>8</sup> The person(s) responsible for the prospectus should take care to ensure that the comprehensibility of the prospectus is not endangered when updating the information in the registration document.*

*Additionally, it is not possible to supplement registration documents that were approved or filed in accordance with the national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation. This is a result of the fact that registration documents do not fall within the scope of Article 46(3) of the Prospectus Regulation, as previously explained in this Q&A. However, if a registration document is incorporated by reference into a prospectus that is approved under the Prospectus Regulation, then it is possible to supplement the entire prospectus, including the registration document information.*

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<sup>8</sup> For example, an issuer incorporates by reference an equity registration document approved or filed under the national laws implementing the Prospectus Directive into an equity prospectus to be approved under the Prospectus Regulation. As the Prospectus Regulation disclosure requirements for equity registration documents differ from those under the Prospectus Directive, the issuer may need to include information in the prospectus to satisfy the Prospectus Regulation disclosure requirements and to ensure that the information relating to the issuer is up-to-date.

### 1.3 Passporting of a prospectus approved under national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation

Updated: 27/03/2019

**Q1.3** Is it possible to passport a prospectus approved in accordance with the national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation?

**A1.3** *It is possible to notify a prospectus approved under the national laws of a Member State implementing the Prospectus Directive to a competent authority in a host Member State after the entry into application of the Prospectus Regulation. However, this notification will need to be done pursuant to the national laws implementing the Prospectus Directive in the Member State of the competent authority that approved the prospectus, because Article 46(3) of the Prospectus Regulation states that prospectuses approved under national laws implementing the Prospectus Directive shall continue to be governed by those laws after the entry into application of the Prospectus Regulation.*

### 1.4 Supplementing of a prospectus approved under national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation

Updated: 27/03/2019

**Q1.4** Is the supplement regime under the Prospectus Regulation applicable when supplementing a prospectus approved in accordance with the national laws implementing the Prospectus Directive?

**A1.4** *Article 46(3) of the Prospectus Regulation states that prospectuses approved under national laws implementing the Prospectus Directive shall continue to be governed by those laws after the entry into application of the Prospectus Regulation. Accordingly, any prospectuses approved in accordance with the national laws of the issuer's home Member State implementing the Prospectus Directive will need to be supplemented in accordance with those national laws. This is because the supplement relates to the information included in the prospectus and the prospectus itself is governed by the national laws implementing the Prospectus Directive of the issuer's home Member State.*



## 1.5 Filing of final terms in relation to a base prospectus approved under national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation

Updated: 27/03/2019

### **Q1.5 When filing final terms in relation to a base prospectus approved under national laws implementing the Prospectus Directive, should the rules relating to the filing of final terms under the Prospectus Regulation be applied?**

**A1.5** *The final terms relating to a base prospectus approved under the national law of a Member State implementing the Prospectus Directive must be filed pursuant to those same national laws. This means that the content of the final terms and the specific summary attached to those final terms must comply with the provisions of national law implementing the Prospectus Directive. This is because the final terms form part of a prospectus approved under the national laws implementing the Prospectus Directive and, therefore, fall within the scope of Article 46(3) of the Prospectus Regulation. This also means that the rules relating to the filing of final terms in the Prospectus Regulation should not be applied when filing final terms in relation to a base prospectus approved in accordance with national laws implementing the Prospectus Directive.*

## 1.6 Continuing an offer which has initially been made using a base prospectus approved pursuant national laws implementing the Prospectus Directive after the entry into application of the Prospectus Regulation

Updated: 12/07/2019

### **Q1.6 Can an offer which has initially been made using a base prospectus approved pursuant to national laws implementing the Prospectus Directive be continued by using a base prospectus that is approved pursuant to the Prospectus Regulation?**

**A1.6** *Article 8(11) of the Prospectus Regulation confirms that offers may continue after the expiration of an approved base prospectus and explains how.*

*However, while Article 8(11) of the PR serves as the general legal basis for so-called 'bridging offers' (offers which are continued with unchanged terms and conditions using a succeeding approved base prospectus before the end of the validity of a preceding base prospectus) it does not specifically address the matter of bridging offers which are continued when transferring from a base prospectus approved pursuant to national laws implementing*

*the Prospectus Directive to a base prospectus approved pursuant to the Prospectus Regulation.*

*Therefore, to provide clarity regarding the transitional phase, ESMA would firstly like to state that it is possible to continue an offer after the end of the validity of a base prospectus that was approved under the national laws implementing the Prospectus Directive by using a base prospectus that is approved under the Prospectus Regulation.*

*However, the person(s) responsible for the base prospectus should prepare a new set of final terms, with a revised summary of the individual issue annexed to the final terms. Both the new set of final terms and the revised summary should comply with the relevant provisions of the Prospectus Regulation and should be made available to the public and filed with the competent authority in the home Member State in accordance with Article 8(5) of the Prospectus Regulation.*

## **Status of level 3 guidance following the transition from the PD to PR**

### **2.1 Applicability of the Level 3 guidance relating to the Prospectus Directive after the entry into application of the Prospectus Regulation**

**Updated: 27/03/2019**

**Q2.1 To what extent do the ESMA Q&As relating to prospectuses and the ESMA update of the CESR Recommendations apply to prospectuses drawn up in accordance with the Prospectus Regulation?**

**A2.1** *ESMA Q&As relating to prospectuses<sup>9</sup> and the ESMA update of the CESR recommendations<sup>10</sup> should be applied to prospectuses drawn up under the Prospectus Regulation to the extent they are compatible with the Prospectus Regulation. The application of both documents can help to facilitate the review process and assist issuers when drawing up prospectuses.*

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<sup>9</sup> ESMA31-62-780 – Q&As on prospectuses (29<sup>th</sup> updated version – January 2019).

<sup>10</sup> ESMA/2013/319 – ESMA update of the CESR recommendations (20 March 2013).

## Updating information in an RD or URD

### 3.1 Updating information in a registration document before it is part of a prospectus

Updated: 27/03/2019

#### **Q3.1 How should the information in a registration document be updated before it is a constituent part of a prospectus?**

**A3.1** *The information in a registration document is updated via a supplement pursuant to Article 10(1) of the Prospectus Regulation if it is not a constituent part of a prospectus. This supplement must be submitted for approval to the competent authority that approved the registration document.*

*Where the registration document was passported before the supplement was approved, the approved supplement must be passported to the same Member States as the registration document pursuant to Article 26(5) of the Prospectus Regulation.*

#### Withdrawal rights

*According to Article 10(1) of the Prospectus Regulation, the right to withdraw acceptances does not apply when a registration document is supplemented. This is a consequence of the fact that there is no offer of securities to the public if a registration document is not a constituent part of a prospectus.*

### 3.2 Updating information in a universal registration document before it is part of a prospectus

Updated: 27/03/2019

#### **Q3.2 How should information in a universal registration document be updated before it is a constituent part of a prospectus?**

**A3.2** *According to Article 9(10) of the Prospectus Regulation, the information in a universal registration document can only be updated via an amendment, under Articles 9(7) and 9(9) of the Prospectus Regulation, in the period before the universal registration document forms a constituent part of a prospectus. This amendment is filed with the competent authority that*

*approved the universal registration document or where the universal registration document was filed. The filing of this amendment shall not require an approval by the competent authority until the URD becomes part of a prospectus or is passported.*

*Amendments to a universal registration document, which has been filed but not approved*

*Where an issuer has filed a universal registration document without prior approval and wishes that such universal registration document (and any amendments thereto) form part of a prospectus, Article 10(3) of the Prospectus Regulation states that the entire documentation (including any amendments) shall be subject to approval. This process ensures that the universal registration document and any amendments are approved before their use as a constituent part of a prospectus.*

*In addition, a filed universal registration document and any amendments thereto must be approved before they can be passported to a competent authority in another Member State.*

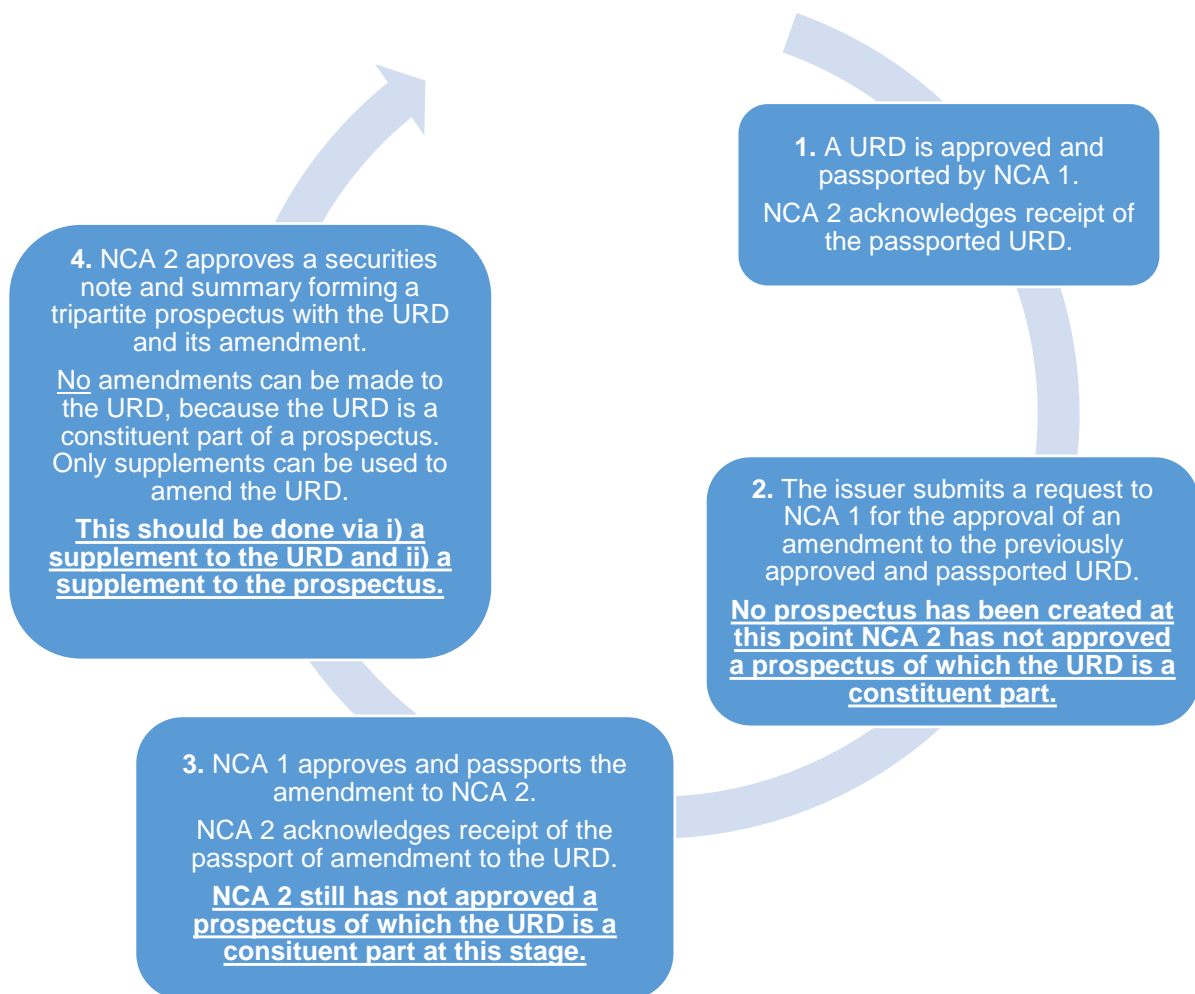
*Amendments to an approved universal registration document, which is not a constituent part of a prospectus*

*Where a universal registration document has already been approved, any amendments that were filed since the approval of the universal registration document will need to be approved before that universal registration document (and the amendments thereto) can be used as a constituent part of a prospectus. In addition, a universal registration document and any amendments thereto must be approved before they can be passported to a competent authority in another Member State.*

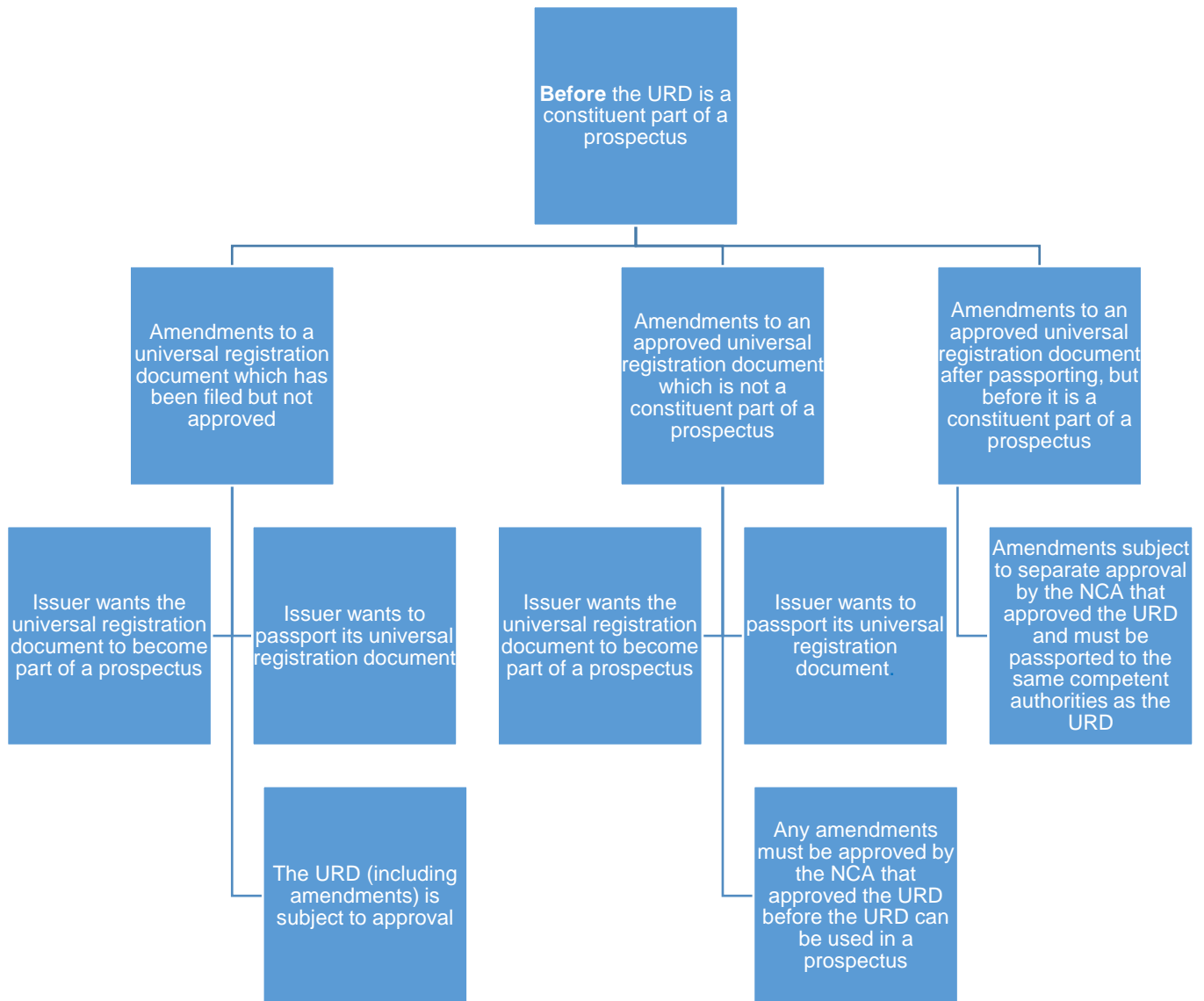
*Amendments to an approved universal registration document after passporting, but before it is a constituent part of a prospectus*

*Where a universal registration document has been approved and passported but is not yet a constituent part of a prospectus, then amendments to that universal registration document would be subject to separate approval in accordance with the second sub-paragraph of Article 10(3) of the Prospectus Regulation before a prospectus, with the universal registration document as a constituent part, can be approved by the competent authority of another Member State. After approval, the amendment should be passported to the same competent authorities as the universal registration document had been passported in accordance with Article 26(2) of the Prospectus Regulation.*

**Figure 1:** Timeline regarding the update of a passported universal registration document (URD)



**Figure 2:** Updating the information in a universal registration document (URD) before it is a constituent part of a prospectus



### 3.3 Updating information in a registration document or a universal registration document after it is part of a prospectus

Updated: 27/03/2019

#### **Q3.3 How should information in a registration document or a universal registration document be updated after it is a constituent part of a prospectus?**

**A3.3** Article 9(1) of the Prospectus Regulation explains that issuers can draw up a registration document in the form of a universal registration document. After a registration document or universal registration document has become a constituent part of a prospectus, the information in that registration document or a universal registration document is updated via a supplement. Additionally, the prospectus(es) of which the registration document or universal registration document is a constituent part must also be supplemented in accordance with Article 23 of the Prospectus Regulation. Both the supplements to the registration document, or to the universal registration document, and the supplement to the prospectus should be published in a single document.

Where the supplement updates several prospectuses in accordance with Article 23(5) of the Prospectus Regulation, the supplement should clearly identify all the prospectuses to which it relates.

#### The competent authority to approve the supplements

Article 26(3) of the Prospectus Regulation provides that the competent authority in Member States receiving a passported registration document or universal registration document shall not undertake any scrutiny or approval of the registration document, universal registration document and any amendments thereto.

This creates a division of responsibility between the competent authority that approved the registration document or universal registration document and the competent authority in the home Member State for the prospectus approval that approves the securities note and summary. From this, ESMA understands that:

- the authority that approved the registration document or universal registration document is competent to approve any supplements to the information in the registration document or the universal registration document; and
- the authority in the home Member State for the approval of the prospectus is competent to approve any supplements to information in the securities note.

Consequently:

- *where a prospectus and its registration document, or universal registration document, has been approved by just one competent authority, then a single document can be approved that is a supplement to the prospectus and to the registration document, or universal registration document, and securities note; and*
- *where the registration document, or universal registration document, has been approved by one competent authority and the securities note (and the prospectus itself) has been approved by another competent authority, each competent authority can only approve as follows:*
  - *the competent authority which approved the registration document, or universal registration document, can only approve a document which is a supplement to the registration document, or universal registration document, and to the prospectus; and*
  - *the competent authority which approved the securities note (and the prospectus itself), can only approve a document which is a supplement to the securities note and to the prospectus.*

#### Withdrawal rights

*The provision in Article 10(1) of the Prospectus Regulation stating that withdrawal rights shall not apply in relation to a supplement to a registration document is only valid for a registration document before it is a constituent part of a prospectus. Therefore, investors have the right to withdraw their acceptances in accordance with Article 23(2) of the Prospectus Regulation when a prospectus of which a registration document or a universal registration document is a constituent part is supplemented.*

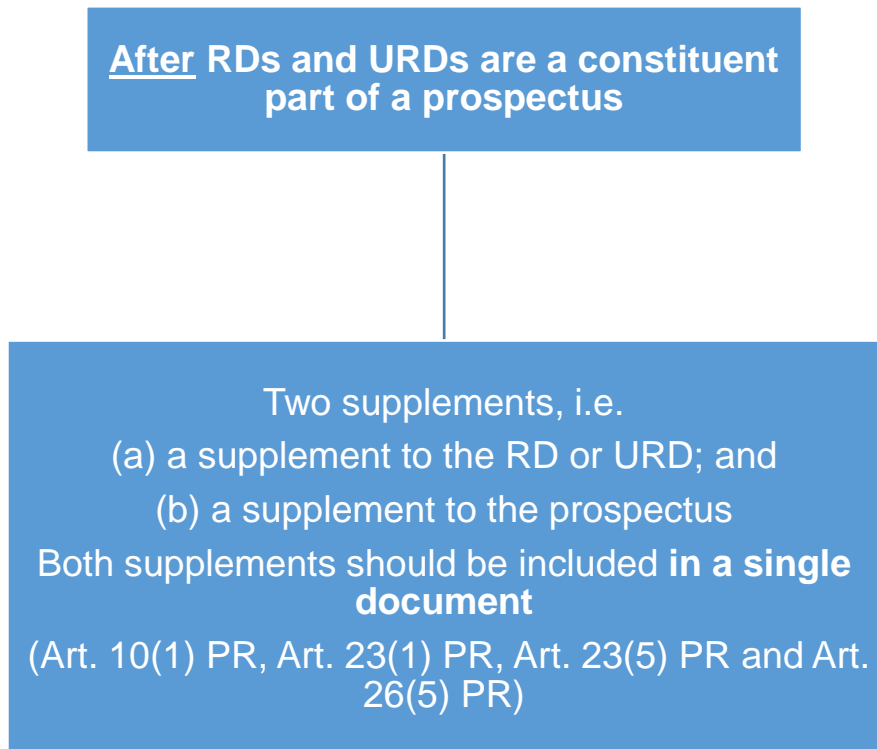
#### If a registration document or a universal registration document is no longer a constituent part of a prospectus

*A prospectus may have a life that is shorter than the validity period, under Article 12 of the Prospectus Regulation, of the registration document or the universal registration document that is a constituent part of the prospectus. In such cases:*

- *if a registration document is no longer a constituent part of a prospectus, then the information in that registration document is updated in accordance with Article 10(1) of the Prospectus Regulation:*
- *if a universal registration document is no longer a constituent part of a prospectus, then the information in that universal registration document should be updated via an amendment in accordance with Articles 9(7) and 9(9) of the Prospectus Regulation. See further the Q&A relating to updating the information in a universal registration document before it is a constituent part of a prospectus.*



**Figure 1:** Updating the information in registration documents (RDs) and universal registration documents (URDs) after they are a constituent part of a prospectus



## Public offer

### 4.1 Share option schemes

Updated: 12/07/2019

**Q4.1 Are non-transferable options covered by the Prospectus Regulation? Even if they are not, would the exercise of those options constitute an offer of the underlying shares?**

**A4.1** *ESMA believes that non-transferable options do not fall under the Prospectus Regulation, as the Prospectus Regulation only applies to transferable securities (Article 2(a)).*

*As for the exercise of non-transferable options, at the time of the conversion or exercise there is no public offer within the meaning of Article 2(d) of the Prospectus Regulation since it is just the execution of a previous offer.*

*Where in the view of national Competent Authorities transactions are structured as options, but are in reality an offer of shares, such authorities reserve the right to re-qualify the options as an offer of shares in order to overcome any circumvention of the Prospectus Regulation.*

### 4.2 Free offers

Updated: 12/07/2019

**Q4.2 Can 'free offers' be considered outside the definition of public offer (for example options granted to employees for no consideration)?**

**If they do fall under the definition of public offer, could it be considered that they have a total consideration of zero and therefore fall outside the scope of the Prospectus Regulation (EU) 2017/1129, e.g. where the total consideration is less than EUR 1,000,000?**

*A4.2 ESMA considers that where securities are generally allotted free of charge no prospectus should be required. In the case of allocations of securities (which are almost invariably free of charge) where there is no element of choice on the part of the recipient, including no right to repudiate the allocation, there is no "offer of securities to the public" within the meaning of Article 2(d) of the Prospectus Regulation. This is because the definition refers to a communication containing "sufficient information to enable an investor to decide to purchase or subscribe for the securities". Where no decision is made by the recipient of the securities, there is no offer for the purposes of the Prospectus Regulation. Such allocations will therefore fall outside the scope of Prospectus Regulation.*

*Offers of free shares, where the recipient decides whether to accept the offer, are properly regarded as an offer for zero consideration. As such, they would fall within the excluded offers under Article 1.3 of the Prospectus Regulation, and accordingly no prospectus can be required*

*This analysis does not prevent Competent Authorities from assessing whether an offer, presented as an offer of free shares, in fact disguises a 'hidden' consideration. However, if the shares are expressly offered in the place of quantifiable financial benefits in another form, then it might be appropriate to identify consideration to the value of the benefits that the employee would otherwise have been entitled to receive.*

**4.3 Rights issue: communication by a custodian to its clients in a member state about pre-emption rights in relation to a public offer of new shares taking place in another EEA member state**

**Updated: 12/07/2019**

**Q4.3** Is the communication from a custodian to its clients (normally under its contractual duty to inform them) in respect of a rights issue in another EEA Member State (where a prospectus has been approved) in itself an "offer of securities to the public" and therefore would not be permitted unless a passport had been obtained in order to make public offers into the EEA Member State of the clients of the custodian?

**A4.3** ESMA considers that a communication of a custodian bank informing its clients in one Member State about their pre-emption rights in relation to a public offer of new shares taking place in another Member State or in a third country does not mean that the custodian is making a public offer in the former Member State. The PR should not be interpreted in a way that limits cross border share ownership, restricts the ability of custodians to comply with their contractual obligations or restricts shareholders' ability to exercise their pre-emption rights.

Such a communication would constitute a public offer by the custodian only if it meets the following two conditions:

- It provides to the shareholders the terms of the offer and of the shares that would enable them to decide to subscribe the share and
- The custodian acts on behalf of the offeror or issuer when making such a communication.

#### 4.4 Subscription of securities by residents of a country where the public offer is not taking place

Updated: 12/07/2019

**Q4.4** Is it possible for residents in Member State 'A' (where a public offer does not take place) to subscribe for securities in Member State 'B' (where the public offer takes place directly or through their financial intermediaries acting on behalf of these investors<sup>11</sup>)?

**A4.4** Yes. There is no need for the offeror to publish a prospectus in Member State A, as no public offer is made in such a country. But this does not prevent investors in that country to subscribe or buy the securities which are subject to a public offer in another Member State. What is relevant in this case is that a prospectus is published in Member State B where the public offer takes place.

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<sup>11</sup> There are different situations where investors in Member State 'A' might find out that a public offer is taking place in Member State 'B' even when there is no public offer in the former. For example, investors in Member State 'A' find out about the offer in Member State 'B' by their own means, without a communication to them in the sense of Article 2 (d) of the Prospectus Regulation; the offer in Member State 'A' is exempt from the prospectus obligation because it falls under one of the cases set out in Article 1(4) or 3(2) of the Regulation; investors are informed of the public offer in Member State 'B' by their financial intermediaries acting under their contractual duty as custodians to inform their clients.

## Incorporation by reference

### 5.1 Incorporation by reference: language requirements

Updated: 12/07/2019

**Q5.1a** Is it possible to incorporate by reference information in a language different than the language in which the prospectus is drafted?

**A5.1a** Yes, the issuer can incorporate a document drawn up in a different language than that of the prospectus provided that the language of the incorporated document complies with the language rules of the Prospectus Regulation. For example: the competent authority of Poland approves a prospectus drawn up in English that incorporates by reference the annual financial statements drawn up in Polish. However, if the issuer wishes to passport this prospectus it could do so only to countries where Polish is accepted by the host competent authorities.

**Q5.1b** Is it possible to incorporate by reference the translation of a document that has been approved or filed with the competent authority in a different language? For instance, a Spanish issuer has drawn up its prospectus in English, can it have its annual report translated into English and incorporate it by reference into the prospectus?

**A5.1b** The translation of a document may be incorporated by reference as long as it complies with Article 19 of the Prospectus Regulation.

**Q5.1c** Is it possible to include or incorporate by reference only the translation of the audited financial statements and the audit report without a letter/statement of consent of the auditor to fulfil the requirement of Annex 1, item 18.1. Commission Delegated Regulation 2019/980 (“audited historical financial information”)? If yes, is it necessary to request a written confirmation for the accuracy of the translation and, if so, who has to issue this written confirmation?

**A5.1c** Yes, it is possible to include or incorporate by reference the translation of the audited financial statements and the audit report without a letter/statement of consent of the auditor. No written confirmation for the accuracy of the translation is needed. ESMA draws attention to the fact, that according to national legislation it might be necessary to ask for the auditor’s consent to include or incorporate by reference the audit report in the prospectus.

## Home Member State

### 6.1 Nearly equivalence of Euro 1,000 (Article 2(m)(ii) of the Prospectus Regulation)

Updated: 12/07/2019

**Q6.1** When determining the home Competent Authority, the figure of EUR 1,000 is a key element. ESMA discussed how the second sentence of Article 2(m)(ii) of the Prospectus Regulation, in particular the part which states "nearly equivalent to EUR 1,000", is applied in practice to cases where the securities are denominated in a currency other than euro?

**A6.1** *The decision regarding which Competent Authority should approve the prospectus on the basis of the denomination of the non-equity securities according to Article 2(m)(ii) of the Prospectus Regulation should be made at the time of the submission of the draft prospectus. At that time, "nearly equivalent" doesn't mean exactly EUR 1,000.*

## Financial information

### 7.1 Item 18.1.1 of Annex I of the Commission Delegated Regulation (EU) 2019/980

Updated: 12/07/2019

**Q7.1** Item 18.1.1 requires issuers to disclose audited historical financial information covering the latest three financial years and the audit report in respect of each year. If historical information has not been restated and the issuer decides to present the historical financial information for the last three years in a columnar format, and an accountant's report is provided for the purposes of the prospectus, would this meet the requirements of the Prospectus Regulation?

**A7.1** *The issuer has the right to choose the format of the historical financial information as far as the minimum information required by item 18.1.1 is included.*

## 7.2 Inclusion of Alternative Performance Measures (APMs) in information disclosed about the offer to the public or the admission to trading on a regulated market

Updated: 12/07/2019

**Q7.2** Given that Article 16(1)(d) of the Commission Delegated Regulation (EU) 2019/979 sets out that only APMs included in the prospectus can be included in the information disclosed about the offer to the public or the admission to trading on a regulated market, how should the issuer, offeror or person asking for admission to trading proceed in case a participant at a live presentation (e.g. a roadshow/interview) requests information about an APM which is not included in the prospectus?

### A7.2

#### Before the prospectus is approved and published

*If a participant at a live presentation requests information about an APM that is not included in the draft prospectus which has been submitted to the relevant national competent authority (NCA) but which has not yet been approved and published, the issuer, offeror or person asking for admission to trading is free to provide information on the APM in question. However, in order to ensure that no APM is included in the information disclosed about the offer/admission to trading without being included in the prospectus, the issuer, offeror or person asking for admission to trading should afterwards include the APM in the draft prospectus before this is approved and published, it being understood that the ESMA Guidelines on Alternative Performance Measures should be taken into account.*

#### After the prospectus is approved and published

*If a participant at a live presentation requests information about an APM that is not included in the approved and published prospectus, the issuer, offeror or person asking for admission to trading can proceed in two ways. It can decide to provide information on the APM and afterwards publish a supplement containing this APM, thereby ensuring consistency between the prospectus and the information disclosed about the offer/admission to trading. In such case, the ESMA Guidelines on Alternative Performance Measures should be taken into account. Alternatively, if the issuer, offeror or person asking for admission to trading does not wish to publish a supplement, it should decline to provide information on the APM as there will otherwise be a breach of the requirement set out in Article 16(1)(d) of the Commission Delegated Regulation (EU) 2019/979.*

## Supplements

### 8.1 Supplement to prospectuses: interim financial information

Updated: 12/07/2019

**Q8.1** Is the publication of interim financial statements considered as a significant new factor that requires the publication of a supplement in accordance with Article 23 of the Prospectus Regulation?

**A8.1** *There is no systematic requirement to supplement the prospectus when interim financial statements are produced. This will depend on the circumstances of the case, in particular the relevance of the information included in the interim financial statements (such as any significant deviation in relation to previous financial information) or the type of securities to which the prospectus refers. In case of doubt ESMA recommends issuers to produce the supplement.*

### 8.2 Non-relevant information in relation to a published prospectus that does not trigger the obligation to publish a supplement

Updated: 12/07/2019

**Q8.2** ESMA considered how to deal with information that arises after the publication of the prospectus which is not significant within the meaning of the Prospectus Regulation but could be useful for investors (i.e. information that is not capable of significantly affecting the assessment of the securities and therefore does not trigger the obligation to publish a supplement but is of interest to investors)?

**A8.2** *The Prospectus Regulation states that the text and the format of the prospectus, and any supplement thereto, which is made available to the public, shall at all times be identical to the original version approved by the home Competent Authority according to Article 21(10). Moreover, according to Article 23(1), every significant new factor, material mistake or material inaccuracy relating to the information included in the prospectus which may affect the assessment of the securities shall be published through a supplement to the prospectus. There are cases where the information is not significant within the meaning of the Prospectus Regulation that could, however, be useful for investors. For example, where the prospectus contains mistakes or inaccuracies which are not material.*



*As prescribed by Article 21(10), the prospectus approved by the Competent Authority cannot be subsequently modified (apart from via supplement). However, in case the prospectus contains a mistake or inaccuracy that is not material or significant pursuant to Article 23(1) of the Prospectus Regulation, the issuer should be entitled to make an announcement to the market explaining the mistake or inaccuracy.*

*The above comments are without prejudice to the obligations imposed by other legislation on issuers who have their securities admitted to trading on a regulated market or a multilateral trading facility, in particular the Market Abuse Regulation 596/2014.*

### **8.3 Application of Article 23(3) where an entity distributes its own securities**

**Updated: 12/07/2019**

**Q8.3 Article 23(3) of the Prospectus Regulation sets out different obligations for issuers and financial intermediaries. Where a financial intermediary distributes its own securities should it be treated as an issuer or a financial intermediary?**

**A8.3** *Although the concept of a financial intermediary is not defined in the Prospectus Regulation, ESMA generally understands financial intermediaries to be those persons who are allowed, by EU or national legislation, to distribute securities issued by other entities. Consequently, ESMA believes that the obligations of Article 23(3) of the Prospectus Regulation addressed to financial intermediaries clearly apply to those persons when they distribute securities issued by other entities.*

*However, the situation is slightly more equivocal where the financial intermediary distributing the securities is also the issuer, e.g. credit institutions, investment firms or management companies distributing securities they have issued themselves.*

*To provide clarity in respect of the latter situation, above, ESMA believes that financial intermediaries should also comply with the obligations addressed to financial intermediaries in Article 23(3) of the Prospectus Regulation, when distributing securities that they issue themselves. This understanding appears to be in line with both Recital 45 and Article 4(1) point 5 of MiFID II (Directive 2014/65/EU) and is consistent with the principle of investor protection.*

## 8.4 Application of Article 23(3) subparagraphs 1 and 2

Updated: 12/07/2019

### **Q8.4** When must a financial intermediary comply with the obligations set out in the subparagraphs 1 and 2?

**A8.4** *For the avoidance of doubt, ESMA would like to clarify that the obligations addressed to financial intermediaries in Article 23(3), subparagraphs 1 and 2, of the Prospectus Regulation, should be construed as follows: the obligation laid down in subparagraph 1 should be fulfilled only at the time when investors accept through a financial intermediary to purchase or subscribe the security. While the obligation laid down in subparagraph 2 should be fulfilled on the day when the supplement is published.*

## Passporting

### 9.1 Quality of translations of passported prospectuses

Updated: 12/07/2019

*There is no provision in the Prospectus Regulation dealing with the quality of the translation of a prospectus. Therefore, the following practical aspects have to be tackled:*

#### **Q9.1a** Should the quality of the translations be left entirely to the responsibility of the issuer?

**A9.1a** *Yes. ESMA considers that the persons responsible for the prospectus is also responsible for any translation of the approved prospectus.*

#### **Q9.1b** Notwithstanding last sentence of Article 24.1 of the Prospectus Regulation, would it be possible or desirable that the host Competent Authority scrutinises the quality of the translation of a prospectus to its own language?

**A9.1b** *No.*

**Q9.1c** If the host competent authority decided to undertake that task voluntarily, would it mean that the offer cannot proceed until the translation has been accepted or checked by the host Competent Authority?

**A9.1c** *No, the passport process may not be stopped. However, if the host competent authority finds that a translation is not accurate, it could refer its findings to the Competent Authority of the home Member State as envisaged in Article 37 of the Prospectus Regulation (precautionary measures).*

*ESMA recommends issuers to insert, in any translation of a prospectus, a statement that clarifies that the document is a translation of the approved prospectus made under the sole responsibility of the person responsible for the approved prospectus.*

**Q9.1d** The translated version of the prospectus referred to in Article 27.3 of the Prospectus Regulation should contain the same information as the original version published in the home Member State. How should the issuer and the home Competent Authority react in case of significant mistakes or omissions of information contained in the translated version concerning the information contained in the approved prospectus?

**A9.1d** *Without prejudice to the fact that the person responsible for the prospectus is also responsible for any translation of the approved prospectus, if a translated version of a prospectus contains material mistakes or omissions of information which might cause investors to make a misleading assessment of the issuer and/or the securities, both the home Competent Authority and the issuer should cooperate with the host competent authority in finding the solution which better fits the specific case.*

## Responsibility for a prospectus

### 10.1 Responsibility Statements

Updated: 12/07/2019

**Q10.1a** If a transaction combines a sale from a shareholder and an issue of new shares can the selling shareholder be required to make a responsibility statement in the prospectus, in addition to the responsibility statement already included in the prospectus?

**A10.1a** *The Prospectus Regulation only requires that at least one of the persons mentioned in Article 11(1) (the issuer or its administrative, management or supervisory bodies, the offeror, the person asking for the admission to trading on a regulated market or the guarantor, as the case may be) is responsible for the whole prospectus. It is up to national legislation to determine whether another person (therefore, more than one person) should also be responsible for the whole or part of the prospectus.*

**Q10.1b** Where an offer of securities involves a guarantee, can the guarantor be required to make a responsibility statement in the prospectus, in addition to the issuer's responsibility statement?

**A10.1b** *At least one of the persons mentioned in Article 11(1) of the Prospectus Regulation must be responsible for the whole prospectus, notwithstanding that there might be different persons responsible separately for particular parts of the prospectus. The Prospectus Regulation only requires that at least one of these persons mentioned in Article 11(1) is responsible for the whole prospectus. It is up to national legislation to determine whether another person (therefore, more than one person) should also be responsible for the whole or part of the prospectus*

## Final terms/Base prospectus

### 11.1 More than one final terms for a specific issue of bonds

Updated: 12/07/2019

### **Q11.1 Can an issuer provide investors and file with the Competent Authority more than one document with final terms for a specific issue of bonds?**

**A11.1** ESMA has analysed two cases where more than one document with final terms for a specific issue of bonds could be filed:

1. *Amendment of information included in final terms that is not a significant new factor, material mistake or material inaccuracy: in this case, ESMA considers that issuers should publish a notice of the change to amend final terms, if they have reserved the right to do so in the applicable terms and conditions. It is the issuer's responsibility to ensure compliance with the applicable terms and conditions and any national laws, in order to prevent an infringement of the existing securities holders' rights.*

2. *A significant new factor, material mistake or material inaccuracy relating to the information included in the final terms which is capable of affecting the assessment of the securities: in this case, it is ESMA's view that a supplement to the related base prospectus with reference to the amended final terms in accordance with Article 23 of the Prospectus Regulation would be required. In addition to the required supplement, ESMA recommends to file and publish a second set of final terms replacing the first set of final terms to give a clear picture for investors. This allows the investors to easily have a full and clear view of the relevant issue.*

*Without prejudice to Article 18 of Commission Delegated Regulation 2019/979, Publication of a supplement to the prospectus, ESMA considers that it is up to the issuer to assess the significance or materiality of a new factor, mistake or inaccuracy, without prejudice to the powers of the home Competent Authority.*

## **11.2 Issue specific details in case of Category B items**

**Updated: 12/07/2019**

### **Q11.2 What relevant details not known at the time of the approval of the base prospectus may be included in final terms in case of Cat.B items?**

**A11.2** *ESMA considers that Article 26(2) of the Commission Delegated Regulation (EU) 2019/980 implies that for an item categorized as “**CAT. B**”, the base prospectus should contain all the general principles of such item and only placeholders for the relevant details not known at the time of the approval of the base prospectus. ESMA also believes that requiring a defined and limited list of issue specific details ensures legal certainty and harmonization of the final terms.*

*ESMA therefore believes that such details can only refer to amounts, currencies, dates, time periods, percentages, reference rates, screen pages, names and places.*

*The final terms may replicate or refer to such principles and fill out the relevant placeholders.*

Examples of CAT. B Items:

**a) Example of final terms replicating the principle:**

THE BASE PROSPECTUS:

*“Redemption Amount payable in respect of each certificate as determined by the Calculation Agent shall be:*

*(i) if the Final Reference Price is equal to or greater than [O] of the Initial Reference Level, then the settlement Amount shall be [O]*

*(ii) if the Final Reference Price is less than [O] of the Initial Reference Level, then the Settlement Amount shall be [O]”*

THE FINAL TERMS:

*“Redemption Amount payable in respect of each certificate as determined by the Calculation Agent shall be:*

*(i) if the Final Reference Price is equal to or greater than 80 per cent of the Initial Reference Level, then the Settlement Amount shall be 200 EUR*

*(ii) if the Final Reference Price is less than 80 per cent of the Initial Reference Level, then the Settlement Amount shall be 0 EUR”*

*b) Example of final terms referring to the principle:*

THE BASE PROSPECTUS:

*“XY. Redemption at the option of the Issuer (Issuer Call)*

*If Issuer Call is applicable, the Issuer may:*

*(a) in not less than 15 nor more than 30 days’ notice to the Noteholders; and*

*(b) in not less than 4 days before the giving of the notice referred to in a notice to the Trustee redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms.”*

THE FINAL TERMS:

*“Redemption at the option of the Issuer (as referred to under condition XY)*

*Optional Redemption Date: [xx-2019]*

*Optional Redemption Amount: 1000 EUR”*

## Derivatives, indices, underlyings & related disclosure

### 12.1 Interpretation of the text "description of the index" included in item 2.2.2 of Annex 17 of the Commission Delegated Regulation (EU) 2019/980

Updated: 12/07/2019

**Q12.1** ESMA has discussed how the text “description of the index” included in item 2.2.2 (“Where the underlying is an index”) of Annex 17 of the Commission Delegated Regulation (EU) 2019/980 should be interpreted?

**A12.1** *To allow an investor to make an informed assessment, ESMA believes that the description of the index should contain the essential characteristics which will enable full comprehension of the index and its dynamics.*

*Accordingly, ESMA considers that at least a description of the following essential characteristics should be included:*

- strategy of the index/investment policy;*
- description of the individual selection process of the components weighting factors;*
- method and formulas of calculation;*
- name of the calculation agent;*
- adjustment rules;*
- review frequency;*
- type of index (price return, excess return, etc.); and*
- currency*

*The description of the composition of the index should be provided as of the date of the prospectus.*

## 12.2 Type of underlying

Updated: 12/07/2019

**Q12.2** In Commission Delegated Regulation 2019/980 Annex 14 item 4.8, Annex 15 item 4.8, Annex 16 item 4.9, Annex 17 item 2.2.2 and Annex 27 item 3.1.7 a statement setting out the type of underlying is required. According to the respective annexes, a statement setting out the type of the underlying is labelled as Category A information and must, therefore, be included in the base prospectus. When making the Category A statement setting out the type of the underlying in the base prospectus, how precise should the information be?

**A12.2** *All information known at the time of drawing up the base prospectus must be disclosed in the base prospectus itself. Therefore, if the precise underlying is known by the issuer, then full and complete information must be included in the base prospectus.*

*If the issuer has not decided on the details of the underlying at the time of the approval of the base prospectus, then a more general statement setting out the type of the underlying should be included. The minimum disclosure in the base prospectus would be whether the underlying is:*

- an equity security;*
- a non-equity security;*
- an interest rate;*
- an index;*
- a commodity; or*
- a reference entity or reference obligation.*

*If the type of underlying does not fall within the categories listed above, the type of underlying should be defined.*

*If the underlying is a basket of underlyings, the type(s) of underlying(s) should be defined in the same manner as described above.*

*The final terms then have to state the details of the underlying(s) pursuant to Category C information requirements and may provide information in accordance to Annex 28. In case of proprietary indices and credit-linked securities further disclosure requirements must be complied with in accordance with the Commission Delegated Regulation 2019/980.*



## Summaries

### 13.1 Inclusion of “extra” information in individual summaries

Updated: 12/07/2019

#### **Q13.1 Can a summary related to an individual issue contain information that is not included in the base prospectus, final terms or supplement?**

**A13.1** *No. The summary of the individual issue shall not include information which was not included in the base prospectus, final terms or supplement. However, the issuer, offeror or person asking for the admission to trading on a regulated may add sub-headings, where deemed necessary, under each section of the summary according to Article 7(9) of the Prospectus Regulation.*

### 13.2 Pro-forma summaries in base prospectuses

Updated: 04/12/2019

#### **Q13.2 Is it possible to include a pro-forma summary in a base prospectus?**

**A13.2** *No. It is not possible to include a pro-forma summary in a base prospectus.*

*Article 8(8) of the Prospectus Regulation states that ‘a summary shall only be drawn up once the final terms are included in the base prospectus, or in a supplement, or are filed, and that summary shall be specific to the individual issue’. ESMA understands that the intention of this article is to clarify that it is not possible to include a summary in a base prospectus, unless the final terms are included in the base prospectus or supplement and the issue specific summary is annexed thereto.*

*While the Prospectus Directive required the inclusion of such a pro-forma summary in base prospectuses, Recital 37 of the Prospectus Regulation clarifies that the Prospectus Regulation no longer allows such summaries in order to reduce the administrative burden on the parties responsible for the prospectus and to improve the readability of base prospectuses. In that regard, ESMA notes that including pro-forma summaries in base prospectuses does not present the investors with a comprehensible document, since significant parts of the pro-forma summary are incomplete or have not been determined at the time of the approval of the base prospectus.*

## Other

### 14.1 Offering programmes

Updated: 12/07/2019

**Q14.1** Is it mandatory for issuers to set in a base prospectus a fixed amount for the programme?

**A14.1** *ESMA considers that it is not mandatory to include the amount of the programme in the base prospectus.*

### 14.2 Use of the term “prospectus”

Updated: 12/07/2019

**Q14.2** May an issuer call a document a “Prospectus” when the document does not fulfill the requirements set out in the Prospectus Regulation? For example, if an issuer is exempt from having to produce a prospectus, but decides to prepare a document with an explanation of the securities to be offered may this document be called a prospectus?

**A14.2** *ESMA recommends issuers not to use the term “prospectus” for documents that have not been approved according to: the Prospectus Regulation; other EU legislation where the term “prospectus” is used; or any national legislation within a Member State. If issuers use this term, they are encouraged to provide a clear statement in the document indicating that it has not been approved in accordance with Prospectus Regulation (EU) 2017/1129. Otherwise the use of the term “prospectus” could be misleading.*

### 14.3 Item 4.6 of Annex 11 of Commission Delegated Regulation (EU) 2019/980

Updated: 12/07/2019

**Q14.3** How should the requirement in item 4.6 of Annex 11 of Commission Delegated Regulation (EU) 2019/980 on the disclosure of resolutions, authorisations and approvals be interpreted?

**A14.3** *It is understood that the wording 'by virtue of which the securities have been or will be created and/or issued' in item 4.6. of Annex 11 of Commission Delegated Regulation (EU) 2019/980 concerns only legal acts on the part of the issuer, i.e. general meeting resolutions and board of directors' decisions.*

*However, disclosure on any legal acts on the part of third parties, e. g. approvals by the central bank or competition authorities, or the fulfillment of any other external preconditions to the creation or the issuance of the securities might also be appropriate according to item 5.1 of Annex 11 Prospectus Regulation and Article 6(1) Prospectus Regulation.*

*If any internal resolutions, authorisations or decisions on the part of the issuer or any external preconditions on the part of third parties are pending or can be revoked, the issuer is expected to include a clear statement to that effect and an explanation of the consequences in case the required resolution, authorization, approval is not given or a precondition is not fulfilled. This information might also be required according to item 5.1.4. of Annex 11 Commission Delegated Regulation (EU) 2019/980. Certain of the abovementioned elements might also be considered as risk factors.*

### 14.4 Scope of the wording 'any bankruptcies, receiverships or liquidations' used in Annex 1, item 12.1 and Annex 3, item 8.1

Updated: 12/07/2019

**Q14.4** Third paragraph under (c) of item 12.1 (and item 8.1) requires that the prospectus includes:

**“details of any bankruptcies, receiverships, liquidations or companies put into administration in respect of those persons described in points (a) and (d) of the first subparagraph who acted in one or more of those capacities for at least the previous five years;”**

**Is the required disclosure limited to declared bankruptcies, receiverships or liquidations?**

**A14.4** *ESMA considers that the scope of the required disclosure is not restricted to declared bankruptcies, receiverships or liquidations but that also information on bankruptcies, receiverships, liquidations or administration that are pending, or are in progress, should be provided.*

#### **14.5 Estimate expenses charged by a financial intermediary in a retail cascade**

**Updated: 12/07/2019**

**Q14.5 Does the prospectus summary have to contain information about estimated expenses charged by intermediaries offering securities in the retail cascade?**

**A14.5** *Financial intermediaries in a retail cascade are offerors, but their offer is not the current offer which is the subject matter of the prospectus, and Commission Delegated Regulation (EU) 2019/980 expressly requires a notice specifying that the financial intermediaries acting in a retail cascade shall make available the information on the subsequent retail cascade offer when it will occur.*

*The issuer, offeror or person seeking admission to trading on a regulated market is not required to disclose expenses charged to the investor by financial intermediaries offering securities in a retail cascade in the section titled 'key information on the securities' in the summary. Expenses charged to investors by the financial intermediaries will be disclosed in the financial intermediaries' terms and conditions.*

#### **14.6 Application of the various annexes of Commission Delegated Regulation 2019/980**

**Updated: 04/12/2019**

**Q14.6 Which annex(es) should be applied where the securities are not the same but comparable to existing types of securities?**

**A14.6** *Generally, the annexes which apply to those existing securities should be applied to the prospectus for comparable securities. However, issuers and competent authorities should consider whether it is necessary to include additional information in the prospectus*

*in order to satisfy the ‘necessary information test’ in Article 6(1) and Article 14(2) of the Prospectus Regulation. For example, this information could be derived from items from another securities note or additional information annex, taking into account the relevant characteristics of the securities being offered or admitted to trading on a regulated market.*

*Recital 24 of Commission Delegated Regulation 2019/980 states that, ‘there is the possibility that certain types of securities that are not covered by the Annexes to this Regulation will be offered to the public or admitted to trading. In such a case, to enable investors to make an informed investment decision, competent authorities should decide in consultation with the issuer, offeror or person asking for admission to trading on a regulated market which information should be included in the prospectus.’ Therefore, issuers should contact the competent authority in their home Member State when they are uncertain which annexes should be applied to a prospectus.*