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Dear Sirs,

European Commission Consultation Document – Review of the Prospectus Directive

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European**Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Legal and Corporate Finance Expert Groups have examined your proposals and advised on this response. A list of members of the Expert Groups is at Appendix A.

Our ID number for the European Commission's register of interest representatives is 45766611524-47.

Response

We welcome the opportunity to respond to this consultation. We welcome the Commission's initiative to review the Prospectus Directive in the context of the Commission's action plan for a Capital Markets Union. We agree with the Commission's views that the prospectus "should be as straightforward as possible for companies (including SMEs) to raise capital throughout the EU".

Small and medium sized enterprises (SMEs) represent around two thirds of the employment and nearly 60 per cent of the value added in the European Union (EU), and they contribute significantly to GDP growth through their overall importance as well as their ability to innovate, grow and create employment.

Their ability to grow and create employment is reduced if these companies are unable to access equity financing from capital markets due to the disproportionate burden of cost, complexity and timescales of producing a prospectus.

SME growth is at the heart of the recently introduced idea of a Capital Markets Union, which aims at cutting the cost of raising capital, particularly for SMEs, reducing their dependence on bank funding, and increasing the attractiveness of Europe as a place to invest.

We believe that it is vital to address the fact that prospectuses are not serving the original purpose intended of them – to provide meaningful information to help investors to make an investment decision. A less complex prospectus would mean that companies would produce clearer documents, which are more relevant to both private and institutional investors. It would also reduce the cost and time required to produce them.

The 2015 review of the Prospectus Directive, therefore, represents a great opportunity to improve access for SMEs to equity financing, with all the associated benefits that this would bring for growth in the EU.

Our key proposals to amend the Prospectus Directive are designed to help small and mid-size quoted companies to raise finance more efficiently and effectively, whilst ensuring a high-level of investor protection, and include:

- Introducing separate regimes for an IPO and Secondary Public Offer in the Prospectus Directive
- Creating a Proportionate Prospectus for Secondary Public Offers on regulated markets
- Ensuring that the Proportionate Prospectus for Secondary Offers applies to all types of secondary public offer
- Addressing the process of the national competent authority (NCA) approving a prospectus
- Increasing the thresholds under which a prospectus does not have to be produced
- Exempting offers carried out under the Takeover Regime from the prospectus regime
- Creating a specific prospectus regime for SME Growth Markets

We have outlined in our responses to the questions our specific proposals to amend the Prospectus Directive. We have also included a more detailed analysis of our proposed minimum disclosure requirements for prospectuses in Annex I.

Responses to specific questions

Q1 Is the principle, whereby a prospectus is required whenever securities are admitted to trading on a regulated market or offered to the public, still valid? In principle, should a prospectus be necessary for:

- Admission to trading on a regulated market ☑
- An offer of securities to the public ☑
- Should a different treatment should be granted to the two purposes (i.e. different types of prospectus for an admission to trading and an offer to the public). If yes, please give details.
- Other
- Don't know/ no opinion

We believe that some form of document is necessary for the admission to trading on market and offers of securities to the public. However, we note that the introduction of the Prospectus Directive in 2005 had the effect of reducing access to public equity for SMEs. Since 2005, there has been a decline in public offers by SMEs in the EU. This is because a prospectus is a long and complex document that is expensive to produce and made more expensive and time consuming by having to be pre-vetted and approved by the national

competent authority (in many cases without apparent value of investor protection being added by this process).

Furthermore, the usefulness of the prospectus as a document on which investors base their investment decision is questionable. The Study on the Impact of the Prospectus Regime on EU Financial Markets published in June 2008 stated that "unlike institutional investors, small retail investors do not, on average make use of prospectuses for their investment decisions". In addition, institutional investors will usually make an investment decision during the course of the marketing exercise carried out in the period before the prospectus is available, thus basing their decision on that exercise and their own internal assessment.

We believe it is vital to address the fact that prospectuses are not serving the original purpose intended of them – to provide meaningful information to help investors to make an investment decision. A less complex prospectus would mean that companies would produce clearer documents, which are more relevant to both private and institutional investors. It would also reduce the cost and time required to produce them, thereby increasing the circumstances when they would be issued and thereby encouraging investment.

For SMEs, in most cases, the cost of producing a prospectus is simply regarded as too high in proportion to the amount of money that they typically seek to raise – around 10% of the amount of money raised – thus making a public offer not cost effective (please see our response to Q2 for more detailed information on costs).

In order to stay within the exemptions of the Prospectus Directive to avoid these disproportionate costs, SMEs, therefore, habitually conduct limited placings with institutional shareholders, which disenfranchises existing shareholders from later fundraisings and reduces the ability of SMEs to raise public equity at a time when it is sorely needed. This reduced ability to use offers to the public means that SMEs have been blocked from funding and the public have been blocked from the ability to invest and participate in SMEs' growth in value.

In order to make the prospectus regime more efficient, we believe that the Prospectus Directive should be amended to distinguish clearly between the level of information required in a prospectus for a public offer that is part of an IPO from that of a secondary offer.

We recognise that the level of disclosure for an IPO needs to be high, as, at that time, there is little information about the company available in the public domain. However, prospectuses are often cluttered and difficult to read. Repeating information that is already available detracts from the important new or offer-specific information. This, arguably, can reduce investor protection, especially for those who do not have the training or the resources to conduct the analysis (i.e. private investors).

By clearly distinguishing between the requirements of a public offer that is part of an IPO and that which is a secondary one would allow the Commission to create a truly proportionate disclosure regime for secondary offers, where there is already a great deal of information available to the public.

The table below summarises our proposals for a Revised Prospectus Regime:

Table I – Quoted Companies Alliance proposals for a revised prospectus regime

Market	**Type of offer**	**Type of admission document**	**Disclosure requirements – (cf. Annex I)**
Regulated Market	Below/within the exemptions	-	-
	IPO (that is above/outside exemptions)	Prospectus	Full disclosure requirements compiled into one document
	Secondary Public Offer (that is above/outside exemptions)	Proportionate Prospectus for Secondary Public Offers	Reference to key aspects of the offer only / new information and incorporation by reference of existing information
SME Growth Markets	IPO Non-public offer or IPO below/within the exemptions	Admission Document	(Content requirements determined by the market operator under MiFID II and out of the scope of the Prospectus Directive)
	IPO Public Offer (that does not fall into existing exemptions)	SME Growth Market Prospectus	(Content should rely on the material information that the investors need)
	Secondary Public Offer (that does not fall into existing exemptions)	SME Growth Market Proportionate Prospectus for Secondary Public Offers	(Content should rely on the material information that the investors need)

We have included a more detailed analysis of our proposals in our responses to the consultation questions and the proposed minimum disclosure requirements for prospectuses in Annex I.

Q2 In order to better understand the costs implied by the prospectus regime for issuers:

a) Please estimate the cost of producing the following prospectus

- equity prospectus
- non-equity prospectus
- base prospectus
- initial public offer (IPO) prospectus

We have assessed the deal costs for initial public offers (IPOs) and secondary offers both on the UK Main Market and on AIM:

Table II – Average deal costs [1]

	Average total deal cost (with fundraise)	Maximum – Minimum costs as a percentage of fundraise	Maximum – Minimum costs (with fundraise)	Average cost (no fundraise)	Average cost (no prospectus)
IPOs – Main Market	**£16,271,164**	**18.57% - 8.09%**	**£63,800,000 - £3,900,000**	**£11,200,000**	**N/A**
IPOs - AIM	**£2,267,000**	**550% - 15.87%**	**£14,000,000 - £400,000**	**£783,610**	**N/A**
Secondary Offers – Main Market	**£11,786,071**	**28.81% - 2.27%**	**£132,000,000 - £230,000**	**N/A**	**£3,500,000 (5.6%)**
Secondary Offers – AIM	**£7,900,000**	**12.06%**	**N/A**	**N/A**	**£1,313,912 (4.86%)**

Our research has assessed the deal costs for an IPO of either a commercial company on the Main Market or AIM and for undertaking a secondary issue (with or without a prospectus) on the Main Market or AIM.

We are not able to ring fence the exact cost of producing a prospectus alone based on this data; however, inferences can be made from the relative costs of secondary issues with a prospectus compared to those without. Evidence that a properly proportionate disclosure regime is needed could be supported by the fact

[1] Source: Practical Law What's Market:

IPOs – Main Market: IPOs of commercial companies with market capitalisations of £150 million or more (2012 – 2013) or £100 million or more (2014 – 2015) (by UK and non-UK issuers) conducted on the Main Market where admission occurred between 1 January 2012 and 19 February 2015. This totals 63 commercial companies, three of which did not undertake a fundraising when they listed.

IPOs – AIM: IPOs of companies with a market capitalisation of £25 million and above (by UK and non-UK issuers) conducted on AIM where admission occurred between 1 January 2012 and 19 February 2015. This totals 124 companies, six of which did not issue shares to coincide with the IPO.

Secondary issues – Main Market: Secondary issues made by commercial companies listed on the Main Market announced between 1 January 2012 and 13 February 2015. For placings that were announced during 2012 and 2013, this includes "significant placings"; for those announced in 2014 onwards, this includes issues of £10 million and above. For open offers that were announced during 2012 and 2013, this includes issues of £20 million and above; for those announced in 2014 onwards, this includes issues of £10 million and above. For rights issues that were announced during 2012 and 2013, this includes issues of £60 million and above; for those announced in 2014 onwards, this includes issues of £10 million and above. This equals 130 companies in total, 62 of which published a prospectus (47.69%).

Secondary issues – AIM: Secondary issues made by premium equity commercial companies admitted to AIM announced between 1 January 2015 and 13 February 2015. For placings that were announced during 2012 and 2013, this includes "significant placings"; for those announced in 2014 onwards, this includes issues of £10 million and above. For open offers that were announced during 2012 and 2013, this includes issues of £20 million and above; for those announced in 2014 onwards, this includes issues of £10 million and above. For rights issues that were announced during 2012 and 2013, this includes issues of £60 million and above; for those announced in 2014 onwards, this includes issues of £10 million and above. This totals 162 companies, only **one** of which published a prospectus (0.62%).

that it does not seem significantly cheaper to raise funds (looking at the average cost as a percentage of a fundraise) even once a company is listed as compared to the costs of undertaking an IPO (and, so far as we are aware, no one has done a proportionate disclosure regime prospectus in the UK).

These total costs also do not take into consideration the time spent preparing the necessary documentation and the costs associated with the delays this causes.

b) What is the share, in per cent, of the following in the total costs of a prospectus:

- Issuer's internal costs: [enter figure]%
- Audit costs: [enter figure]%
- Legal fees: [enter figure]%
- Competent authorities' fees: [enter figure]%
- Other costs (please specify which): [enter figure]%

We have asked several professional advisers and lawyers to companies to provide us with estimated costs of producing a prospectus for initial public offers (IPOs) and secondary offers both on AIM for a specimen company with the specifications enumerated below. The cost estimates listed below represent their consolidated views. Please note that these are estimates provided for a hypothetical scenario – there will be examples in reality which fall outside these ranges.

AIM Co. - General Assumptions:

- 3 year trading record
- No significant group reorganisation – share capital reorganisation required
- Not oil/gas/natural resources
- No significant overseas operations

Table III – Cost of a prospectus for AIM Co.

Cost of a Prospectus		
	IPO	**Secondary Offer (Rights Issue/Open Offer)**
	IPO Assumptions: • Straightforward due diligence (i.e. no major issues requiring rectification) • Pre-money valuation: £30m – £75m • Fundraise: £30m – £50m	Secondary Offer (Rights Issue/Open Offer) Assumptions: • Market Capitalisation £25m-£100m • Fund Raise £20m-£50m • No associated acquisition
Nominated adviser (Nomad) fee	£150 000 – £300 000	AIM companies generally do not produce prospectuses for secondary offers due to the costs involved: these could be **as or more expensive than an IPO prospectus** (mostly due to the verification of the document by the NCA).
Broker commission	3% - 5%	
Lawyers to Nomad	£40 000 – £80 000	
Lawyers to Company	£125 000 – £250 000	
Reporting Accountants	£100 000 – £200 000	
Public Relations	£15 000 – £20 000	
Registrars	£5 000	
Printing costs	£7 000 – £10 000	
Total estimated costs (excluding commissions)	**£500 000 - £900 000**	**No less than £500 000**

What fraction of the costs indicated above would be incurred by an issuer anyway, when offering securities to the public or having them admitted to trading on a regulated market, even if there were no prospectus requirements, under both EU and national law?

We believe that it is difficult to provide an accurate response to this question as there are many variables to assess and quantify on a hypothetical basis. Please see our response to Q2 a) and b). In these circumstances, we do not consider that we could provide a meaningful response to this question.

Q3 Bearing in mind that the prospectus, once approved by the home competent authority, enables an issuer to raise financing across all EU capital markets simultaneously, are the additional costs of preparing a prospectus in conformity with EU rules and getting it approved by the competent authority are outweighed by the benefit of the passport attached to it?

We believe that the costs outweigh the benefits of the passport. The lack of companies using the prospectus as a passport is testimony to this.

ESMA's Report on Prospectuses Approved and Passported – January 2014 to June 2014[2] mentions that in this period, almost 75% of all prospectuses approved were not passported, which means that most companies are not seeking to make use of this facility. Moreover, even within the total number of prospectuses passported in this period (505) we can see that that is done in only a few Member States; most Member States are not passporting any prospectuses, or are doing so in very limited numbers.

The number of prospectuses passported 'sent' mostly originate from only a few Member States (e.g. Luxembourg, with 224 and Germany with 123). 14 Member States have not sent any prospectuses to other Member States in this period; nine Member States have sent between one and five.

The above clearly demonstrates that the passporting mechanism is not functioning in an efficient way for SMEs, in the sense that it is not being used as frequently as it would perhaps be desirable. Investment in these companies is mostly made by local investors, and improvements to this system would be important to allow better cross-border access to equity and investment.

We have also identified that this is the case in the UK.

According to our research, only a marginal number of companies used the passporting facility in the past three years. Looking at IPOs of 63 companies on the UK Main Market (the same commercial companies referenced in Table III), we can see that only two companies passported their prospectus. As for secondary issues, of the 62 companies that published a prospectus, only six companies had it passported.

This means that there is little added value for companies to incur additional costs to getting their prospectus approved by the competent authority in this regard and demonstrates that fundraisings are essentially made within the local market. There is limited appetite in accessing other markets (via the passported prospectus) at this stage. We therefore believe that there is momentum to assess and change the rules regarding the competent authority approval of prospectus and the way passporting works for SMEs. We address this in our response to Q34.

[2] ESMA report of 21 October 2014 (ESMA2014/1277), available at http://www.esma.europa.eu/system/files/2014-1277_report_prospectuses_jan-jun_2014.pdf.

Q4 The exemption thresholds in Articles 1(2)(h) and (j), 3(2)(b), (c) and (d), respectively, were initially designed to strike an appropriate balance between investor protection and alleviating the administrative burden on small issuers and small offers. Should these thresholds be adjusted again so that a larger number of offers can be carried out without a prospectus? If yes, to which levels? Please provide reasoning for your answer.

a) the EUR 5 000 000 threshold of Article 1(2)(h):

- Yes, from EUR 5 000 000 to EUR € 20 000 000 ☑
- No - Don't know/no opinion

Textbox: [justification]

It is important to limit the circumstances in which SMEs are required to go through the additional cost and time of producing a prospectus when seeking to raise public equity finance, without undermining investor protection.

Two key exemptions to having to produce a prospectus for a public offer – the fundraising threshold and the number of persons – were helpfully increased in the previous review. In our experience, these have been of significant benefit to SMEs in raising finance and we believe that they could be increased further without undermining investor protection.

Our view is that the fundraising threshold could be increased from EUR 5 million to EUR 20 million. As companies throughout the European Union are very diverse and have different growth levels and needs, we believe that it is important to ensure that enough flexibility is retained so that more companies in different Member States can take advantage of this option. This would reinforce the key message of 'one size does not fit all' and ensure that more companies could access growth opportunities, contributing for the development of the Capital Markets Union agenda.

Our research shows that the current threshold affects small and mid-size quoted companies seeking to raise smaller amounts of money on public equity markets. In the last six months, there were 97 transactions (IPOs and secondary offers) between 5 and 20 million euros, which represent 7.6% of the total number of transactions. In one of these cases, a company seeking to raise £2,500,000 incurred expenses of 33%.[3] Companies seeking to raise a small amount could be deterred from entering the market due to the scale of the costs involved in the production of a prospectus and the cost/benefit analysis that that involves.

b) the EUR 75 000 000 threshold of Article 1(2)(j):

- Yes, from EUR 75 000 000 to EUR [enter monetary figure]
- No
- **Don't know/no opinion ☑**

Textbox: [justification]

[3] Source: LexisNexis: Six month period from 1/10/2014 to 31/03/2015.

c) the 150 persons threshold of Article 3(2)(b)

- Yes, from 150 persons to 500 persons ☑
- No;
- Don't know/no opinion

Textbox: [justification]

As noted previously, it is important to limit the circumstances when SMEs are required to go through the additional cost and time of producing a prospectus when seeking to raise public equity finance, without undermining investor protection.

We believe that the number of investors that an offer can go to before a company needs to publish a prospectus should increase from 150 to 500 persons. We believe that, in the context of the Capital Markets Union's objectives of promoting better access to a single market for capital, this would encourage greater investment and a wider investor base than the one that exists currently. This is necessary for building solid foundations for growth in the European Union.

Furthermore, the limit on the number of persons should be clarified so that it is clear that it applies per Member State and is not an aggregate limit across all Member States. Failing to include this clarity within the wording of the article has led to misinterpretation that the rule is to be applied to the total number of investors, which is detrimental to SMEs and only benefits institutional investors. This should be considered in the context of having an SME Growth Market regime with pan-European standards across Member States for companies that choose to access finance outside their home market.

We think that it would also be desirable to include the concept, which applies in certain US securities laws contexts, of the issuer being able to rely on analysis of the share register as at a specific date being effective for a specific period (of, for example, 90 days) for determining the availability of this exemption. Without this, even if it was very clear that when assessed the number of those to whom a pre-emptive offer would be made would be well below the threshold, this exemption cannot be relied on in relation to a secondary issue of traded shares given the possibility that trading in the existing shares could increase those eligible to receive the offer and thereby cause this limit to be exceeded.

d) the EUR 100 000 threshold of Article 3(2)(c) & (d)

- Yes, from EUR 100 000 to EUR [enter monetary figure]
- No
- Don't know/no opinion ☑

Textbox: [justification]

Q5 Would more harmonisation be beneficial in areas currently left to Member States discretion, such as the flexibility given to Member States to require a prospectus for offers of securities with a total consideration below EUR 5 000 000?

- Yes
- **No ☑**
- Other areas: Don't know/no opinion

Textbox: [justification]

No, we do not believe that more harmonisation would be beneficial. As mentioned before in our response to Q4 c), companies in different Member States are very diverse and have different growth levels and needs, so it is essential to ensure that enough flexibility is retained so that more companies can take advantage of the different options to access and raise equity finance.

Q6 Do you see a need for including a wider range of securities in the scope of the Directive than transferable securities as defined in Article 2(1)(a)? Please state your reasons.

- Yes
- **No ☑**
- Don't know/no opinion

Textbox: [justification]

No, we do not believe that the Prospectus Directive should include a wider scope of securities, i.e. non-transferable securities. The Directive was originally written for transferable securities and to add non-transferable securities into the scope would not work within the parameters or be aligned with the original aim of the Prospectus Directive. Seeking to extend the Directive's scope in such a way would be fundamentally incompatible with both the Prospectus Directive and Member States' national laws.

Q7 Can you identify any other area where the scope of the Directive should be revised and if so how? Could other types of offers and admissions to trading be carried out without a prospectus without reducing consumer protection?

- **Yes ☑**
- No
- Other areas: Don't know/no opinion

Textbox: [justification]

We believe that offers carried out under the Takeover Regime should be specifically exempted from the application of the Prospectus Directive.

Article 4 of the Prospectus Directive already allows an exemption from the requirement for a prospectus for securities offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information which is regarded by the competent authority as being equivalent to that of a prospectus, taking into account the requirements of EU legislation.

It is the practice in the UK for the NCA[4] to establish that a takeover document is equivalent by carrying out a similar pre-vetting process to that used for a prospectus, except that no formal approval of the equivalent offering document is actually given by the competent authority. The consequence of this approach is that the UK NCA effectively imposes all of the disclosure requirements contained in the Annexes to the

[4] The UK Listing Authority

Prospective Directive into such offer documents, which are subject to the reduced level of disclosure deemed to be necessary under the Takeover Directive[5].

In the UK, the Takeover Panel is the competent authority for takeovers, as prescribed in UK national law. The Takeover Panel does not carry out pre-vetting of any takeover offer document except for those relating to whitewashes (i.e. shareholder approval to relieve a potential bidder from making a mandatory bid).

The single market is not best served when a NCA is allowed the opportunity to apply a more onerous regime to the Takeover Directive's regime by imputing the Prospectus Directive's regime, especially since the Prospectus Directive was not drawn up specifically to address offers in relation to a takeover bid and the NCA does not have jurisdiction in the arena of the Takeover Directive.

One way SMEs grow is by acquisition, possibly of other quoted SMEs which are subject to the Transparency Directive and the Market Abuse Regulation. One of the benefits for an SME of being on a securities market is the ability to use its shares as an acquisition currency. Funding acquisitions by cash may be commercially unattractive, particularly if it would involve the production of a prospectus. A regime that effectively requires an equivalent document which contains the information required in a prospectus means that, in practice, the 'exemption' has no application.

Accordingly, we would propose that any offers carried out under the Takeover Directive regime should be specifically exempted from the Prospectus Directive regime entirely and not subject to any form of pre-vetting or ex ante review, except if required by the competent authority for takeovers as prescribed in national law under the Takeover Directive.

Q8 Do you agree that while an initial public offer of securities requires a full-blown prospectus, the obligation to draw up a prospectus could be mitigated or lifted for any subsequent secondary issuances of the same securities, providing relevant information updates are made available by the issuer?

- **Yes ☑**
- No
- Don't know/no opinion

Textbox: [justification]

We agree. We support the creation of a proportionate prospectus for secondary public offers on regulated markets and a distinct regime for secondary public offers on SME Growth Markets.

Where an issuer is admitted to trading on a public equity market, it already will have published its IPO document (be that a prospectus or admission document) and is subject to requirements for ongoing disclosure of information[6]. We see little value in having to disclose all such information again within a prospectus for a secondary offer. One of the key issues and inconsistencies within the Prospectus Directive

[5] Directive 2004/25/EC

[6] For example, the Transparency Directive and Market Abuse Regulation (Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC**,** as amended by Directive 2010/73/EU and Directive 2013/50/EU; and Regulation 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)

is in its failure to adequately distinguish between the information appropriate when an issuer is new to a public market and when it is seeking financing through secondary offers and significant information is already in the public domain.

We believe that, if investors can buy and sell existing securities based on the information available when shares are traded on a securities market, there is no reason why it is necessary to have anything more than the information that is new or specific to the offer when new shares are offered. It is the same company and the investment decision is broadly similar to when buying shares in the secondary market.

Therefore, we believe that shortening and making a secondary offer document more relevant and focused on the salient terms of an offer will not impair investor protection. In fact, it may result in existing shareholders and potential shareholders being better informed about the company and the offer, as the prospectus would not be as cluttered with a vast amount of ancillary information, which can obscure some of the more important details of the offer.

Ultimately, each director must sign a responsibility statement in the prospectus confirming that the document contains all relevant information, which provides adequate assurance that all necessary information to make an informed decision is included within the prospectus.

For such secondary offers, a proportionate prospectus should comprise the key details of the offer, using simple language and presenting information in an easily understandable way. More use should be made of incorporation by reference as much of the information we are referring to, for example financial information and constitutional documents, can now be found on issuers' websites.

We have outlined in Annex I what information we believe should be included in a proportionate prospectus for secondary offers on regulated markets. This list is not exhaustive, but rather one that suggests the minimum disclosures required. We have worked on the basis that all information that is already in the public domain should not have to be repeated, unless there is a material change in circumstances. There would continue to be an overriding principle that all information about the offer that is necessary to make an investment decision is included in the document. Please see our response to Q23 for more detailed information on incorporation by reference.

Q9 How should Article 4(2)(a) be amended in order to achieve this objective? Please state your reasons.

- The 10% threshold should be raised to [enter figure]%
- **The exemption should apply to all secondary issuances of fungible securities, regardless of their proportion with respect to those already issued ☑**
- No amendment
- Don't know/no opinion

Textbox: [justification]

All types of secondary offer should be included in the exemption (including acquisition). As companies throughout the European Union are very diverse and have different growth levels and needs, we believe that it is important to ensure that enough flexibility is retained so that more companies in different Member States can take advantage of this option.

Q10 If the exemption for secondary issuances were to be made conditional to a full-blown prospectus having been approved within a certain period of time, which timeframe would be appropriate?

- [ ] years
- **There should be no timeframe (i.e. the exemption should still apply if a prospectus was approved ten years ago) ☑**
- Don't know/no opinion

Textbox: [justification]

There should be no timeframe. Once a company is admitted to trading on a market, it has ongoing disclosure requirements and an obligation to publish any price sensitive information, which ensures that investors and potential investors are kept up-to-date about the company. A prospectus only provides a snapshot in time of a company and so the information contained in it becomes out of date quickly. The information in a prospectus is replaced over time by annual reports and accounts together with market announcements. The date of publication of the prospectus for admission to trading should have no bearing on the document required for a secondary offer.

Q11 Do you think that a prospectus should be required when securities are admitted to trading on an MTF? Please state your reasons.

- Yes, on all MTFs
- Yes, but only on those MTFs registered as SME growth markets
- **No ☑**
- Don't know/no opinion

Textbox: [justification]

No, we do not believe that a prospectus should be required when securities are admitted to trading on a MTF. The purpose of creating the MTF category in MiFID I was to allow for bespoke market development by market operators outside of the regulated market regime in the EU. MTFs should remain subject to the specific rules of market operators under the principles established in MiFID.

Furthermore, ESMA's Technical Advice on MiFID II notes that a prospectus should not be required for admission to trading on a SME Growth Market, instead it advises outlining high-level principles as to the requirements for these markets and admission to trading on them.

The introduction of SME Growth Markets offers an excellent opportunity to improve further the availability of public equity finance for SMEs. As these markets are a category distinct from regulated markets, we believe that a specific prospectus regime should be created for them where the requirement to produce a prospectus is triggered and exemptions are not available. We discuss how we believe this regime should work more in our responses to Q18 and Q20 – Q22.

Q12 Were the scope of the Directive extended to the admission of securities to trading on MTFs, do you think that the proportionate disclosure regime (either amended or unamended) should apply? Please state your reasons.

- Yes, the amended regime should apply to all MTFs

- **Yes, the amended regime should apply but not to those MTFs registered as SME growth markets ☑**
- Yes, the unamended regime should apply but not to those MTFs registered as SME growth markets
- Yes, the amended regime should apply but only to those MTFs registered as SME growth markets
- Yes, the unamended regime should apply but only to those MTFs registered as SME growth markets
- No
- Don't know/no opinion

Textbox: [justification]

As noted in our response to Q11, we do not believe that a prospectus (whether it is a full prospectus or a proportionate disclosure prospectus) should be required when securities are admitted to trading on a MTF. However, if the scope of the Directive was extended to cover the admission of trading on MTFs, we believe that a specific prospectus regime should be created for these markets where an exemption is not available, which recognises that they are distinct from regulated markets. This would also make the distinction between regulated markets and other markets more clear for investors, who would have a clear choice between the two types of markets (and so what prescribed standards would apply in relation to the associated documentation).

As noted in our response to Q11, regardless of whether the scope of the Directive is extended to admission of securities trading on MTFs, we believe that a distinct and bespoke prospectus regime should apply to SME Growth Markets. Again, this would represent a clear choice to investors between two distinct types of markets and associated requirements.

We were highly supportive of the idea to introduce a proportionate disclosure regime for issuers with reduced market capitalisations/SMEs and for certain types of rights issues. However, we believe that this was a missed opportunity both in the scope of its application and in the very limited reduction in the disclosure requirements. Our research shows that no UK issuers have chosen to use the proportionate disclosure regime for rights issues or for issuers with a reduced market capitalisation. We assume that this is because the reduction in costs and burden is not sufficiently significant as against producing a full prospectus and that the reduction in disclosures does not translate into a faster pre-vetting timetable with the NCA.

Therefore, we would not support the continuation of the proportionate disclosure regime for companies with reduced markets capitalisations/SMEs and for rights issues in its current form. Instead – as described in our response to Q1 – we believe that the Prospectus Directive should be amended to distinguish clearly between the level of information required in a prospectus for a public offer that is part of an IPO and the information required in a secondary offer.

By clearly distinguishing between the requirements of a public offer that is part of an IPO and that which is a secondary one, this would allow the Commission to create a truly proportionate disclosure regime for secondary offers (one for companies on regulated markets and one for companies on SME Growth Markets), reflecting the substantial amount of current information which is already available to the public.

Q13 Should future European long term investment funds (ELTIF), as well as certain European social entrepreneurship funds (EuSEF) and European venture capital funds (EuVECA) of the closed-ended type and marketed to non-professional investors, be exempted from the obligation to prepare a prospectus under the Directive, while remaining subject to the bespoke disclosure requirements under their

sectorial legislation and to the PRIIPS key information document? Please state your reasoning, if necessary by drawing comparisons between the different sets of disclosure requirements which cumulate for these funds.

- Yes, such an exemption would not affect investor/consumer protection in a significant way
- No, such an exemption would affect investor/consumer protection
- **Don't know/no opinion ☑**

Textbox: [justification]

We do not have an opinion on this question, other than to note that PRIIPS are fundamentally different from equity securities and it is important not to seek to apply the same requirements.

Q14 Is there a need to extend the scope of the exemption provided to employee shares schemes in Article 4(1)(e) to non-EU, private companies ? Please explain and provide supporting evidence.

- **Yes ☑**
- No
- Don't know/no opinion

Textbox: [justification]

Yes, the scope of the exemption should be extended to non-EU, private companies.

Q15 Do you consider that the system of exemptions granted to issuers of debt securities above a denomination per unit of EUR 100 000 under the Prospectus and Transparency Directives may be detrimental to liquidity in corporate bond markets? If so, what targeted changes could be made to address this without reducing investor protection?

- Yes
- No
- **Don't know/no opinion ☑**

Textbox: [justification]

We do not have an opinion on the exemptions regarding debt securities as our members, small and mid-size quoted companies, tend to issue equity on public equity markets.

If you have answered yes, do you think that:

(a) the EUR100 000 threshold should be lowered?

- Yes, to EUR [enter monetary figure]
- No
- **Don't know/no opinion ☑**

Textbox: [justification]

We do not have an opinion on the exemptions regarding debt securities as our members, small and mid-size quoted companies, tend to issue equity on public equity markets.

(b) some or all of the favourable treatments granted to the above issuers should be removed?

- Yes, please indicate to what extent : [ ]
- No
- Don't know/no opinion ☑

Textbox: [justification]

We do not have an opinion on the exemptions regarding debt securities as our members, small and mid-size quoted companies, tend to issue equity on public equity markets.

(c) the EUR 100 000 threshold should be removed altogether and the current exemptions should be granted to all debt issuers, regardless of the denomination per unit of their debt securities?

- Yes
- No
- Don't know/no opinion ☑

Textbox: [justification]

We do not have an opinion on the exemptions regarding debt securities as our members, small and mid-size quoted companies, tend to issue equity on public equity markets.

Q16 In your view, has the proportionate disclosure regime (Article 7(2)(e) and (g)) met its original purpose to improve efficiency and to take account of the size of issuers? If not, why?

- Yes
- **No ☑**
- Don't know/no opinion

Textbox: [justification]

As briefly discussed in our response to Q12, we were highly supportive of the idea to introduce a proportionate disclosure regime for issuers with reduced market capitalisations/SMEs and for certain types of rights issues[7] in the previous revision of the rules. However, we believe that this was a missed opportunity both in the scope of its application and in the very limited reduction in the disclosure requirements.

This is also recognised in the Commission Staff Working Document accompanying the Capital Markets Union Green Paper: the proportionate disclosure regimes "have not delivered their intended effect and are not used in practice by issuers in most Member States". [8]

Our research shows that no UK issuers have chosen to use the proportionate disclosure regime for rights issues or for issuers with a reduced market capitalisation. We assume that is because the reduction in costs

[7] Chapter IIIA – inserted by Commission Delegated Regulation 486/2012/EU
[8] See Commission Staff Working Document accompanying the Capital Markets Union Green Paper, available here http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015SC0013&from=EN.

and burden is not sufficiently significant as against producing a full prospectus and that the reduction in disclosures does not translate into a faster pre-vetting timetable with the national competent authority.

Furthermore, there are technical issues with the proportionate disclosure regime for rights issues, which limits its use unnecessarily. At the moment, the proportionate disclosure regime for rights issues applies to rights issues but not to (non-compensatory) open offers[9].

We believe that the proportionate disclosure regime should be extended to all types of issues to existing shareholders. We can see no reason why companies should be forced into making a rights issue when, for example, an open offer would be more appropriate (being cheaper and quicker) purely because the costs of an open offer are prohibitive due to the proportionate regime not being available.

The principle of the proportionate disclosure regime being available for rights issues is that investors already have access to much of the information that must be included within a prospectus, as the company is already on the market. An open offer is no different. In fact, an open offer is more restricted than a rights issue as the entitlement of existing shareholders cannot, unlike rights issues, be traded. Both rights issues and open offers are offers to existing shareholders, with the same information available to them, so the distinction has no relevance to the level of information that should be included within a prospectus. In our view, proportionate disclosure should be available to all secondary public offers. At the very least, the proportionate disclosure regime should rights issues should be extended to open offers.

We believe that the ineffectiveness of the proportionate disclosure regimes should be addressed primarily through creating a distinction between an IPO and a secondary offer in the Prospectus Directive. If this is introduced, then the Commission could create a truly proportionate disclosure regime for all secondary offers, which recognises that there is already a great deal of information about quoted companies in the public realm that does not need to be repeated in a prospectus for a secondary offer.

Please see our response to Q18.

Q17 Is the proportionate disclosure regime used in practice, and if not what are the reasons? Please specify your answers according to the type of disclosure regime.

a) Proportionate regime for rights issues

- Yes
- **No ☑**
- Don't know/no opinion

Textbox: [justification]

Please see our response to Q16. Our research shows that no UK issuers have chosen to use the proportionate disclosure regime for rights issues. We assume that is because it is extremely limited both (i) in the scope of reduced disclosures, so that the reduction in costs and burden is not sufficiently significant as against producing a full prospectus and that the reduction in disclosures does not translate into a faster pre-vetting timetable with the national competent authority, and (ii) the types of offer that it applies to.

[9] Chapter IIIA – inserted by Commission Delegated Regulation 486/2012/EU

As noted in our response to Q16, we also note that the regime is limited to companies conducting rights issues – thus only applying to a limited amount of secondary issuances to existing shareholders.

b) Proportionate regime for small and medium-sized enterprises and companies with reduced market capitalisation

- Yes
- **No ☑**
- Don't know/no opinion

Textbox: [justification]

Please see our response to Q16. Our research shows that no UK issuers have chosen to use the proportionate disclosure regime for rights issues. We assume that is because the reduction in costs and burden is not sufficiently significant as against producing a full prospectus and that the reduction in disclosures does not translate into a faster pre-vetting timetable with the national competent authority.

c) Proportionate regime for issues by credit institutions referred to in Article 1(2)(j) of Directive 2003/71/EC

- Yes
- No
- **Don't know/no opinion ☑**

Textbox: [justification]

We do not have an opinion as it does not directly affect our members – small and mid-size quoted companies.

Q18 Should the proportionate disclosure regime be modified to improve its efficiency, and how? Please specify your answers according to the type of disclosure regime.

a) Proportionate regime for rights issues

Textbox: [ ]

Yes, we believe that the Commission must address the fact that the proportionate disclosure regime for rights issues has not been effective at making secondary public offers more accessible and efficient for quoted companies.

At a minimum, the proportionate disclosure regime should be extended to all types of issues to existing shareholders. We can see no reason why SMEs should be forced into making a rights issue when, for example, an open offer would be more appropriate purely because the costs of an open offer are prohibitive due to the proportionate regime not being available.

The principle of the proportionate disclosure regime being available for rights issues is that investors already have access to much of the information that must be included within a prospectus, as the company is already on the market. An open offer is no different. In fact, an open offer is more restricted than a rights issue as the entitlement of existing shareholders cannot, unlike rights issues, be traded. Both rights issues

and open offers are offers to existing shareholders, with the same information available to them, so the distinction has no relevance to the level of information that should be included within a prospectus. Indeed, that same information is generally available to any potential investor where an issuer is already admitted to trading. In our view, proportionate disclosure should be available to all secondary public offers.

As discussed in our responses to Q1 and Q8, we believe that best way to address this issue is to introduce separate regimes for an IPO and a secondary offer in the Prospectus Directive. Then, the Commission could effectively replace the proportionate disclosure regime for rights issues with a proportionate prospectus for secondary public offers that recognises that there is already sufficient information available on a quoted company in the public domain.

We also believe that the Commission should create a bespoke regime for companies on SME Growth Markets for when a prospectus is required (i.e. an IPO which is accompanied by a public offer fundraising or a secondary public offer which does not fall within the relevant exemptions). Please see our response to Q18 b).

Where an issuer is admitted to trading on a public equity market, it already will have published its IPO document (be that a prospectus or admission document) and is subject to requirements for ongoing disclosure of information including annual report and accounts. We see little value in having to disclose all such information again within a prospectus for a secondary offer. One of the key issues and inconsistencies within the Prospectus Directive is in its failure to adequately distinguish between the information appropriate when an issuer is new to a public market and when it is seeking financing through secondary offers and significant information is already in the public domain.

We believe that, if investors can buy and sell existing securities based on the information available when shares are traded on a securities market, there is no reason for it to be necessary to have anything more than the information that is new or specific to the offer when new shares are offered. It is the same company and the investment decision is broadly similar to when buying shares in the secondary market.

Therefore, we believe that shortening and making a secondary offer document more relevant and focused on the salient terms of an offer will benefit investor protection. In fact, it may result in existing shareholders and potential shareholders being better informed about the company and the offer, as the prospectus would not be as cluttered with a vast amount of ancillary information, which can obscure some of the more important details of the offer.

Ultimately, each director must sign a responsibility statement in the prospectus confirming that the document contains all relevant information, which provides adequate assurance that all necessary information to make an informed decision is included within the prospectus.

For such secondary offers, a proportionate prospectus should comprise the key details of the offer, using simple language and presenting information in an easily understandable way. More use should be made of incorporation by reference as much of the information we are referring to, for example financial information and constitutional documents, can now be found on issuers' websites. Please see our response to Q23 for more detail on incorporation by reference.

We have outlined in Annex I what information we believe should be included in a proportionate prospectus for secondary offers on regulated markets and SME Growth Markets. This list is not exhaustive, but rather

one that suggests the minimum disclosures required. We have worked on the basis that all information that is already in the public domain should not have to be repeated, unless there is a material change in circumstances. There would continue to be an overriding principle that all information about the offer that is necessary to make an investment decision is included or referred to in the document.

b) Proportionate regime for small and medium-sized enterprises and companies with reduced market capitalisation

Textbox: [ ]

Yes, we believe that the Commission must address the fact that the proportionate disclosure regime for SMEs and companies with reduced market capitalisation has not been effective in facilitating public offer fundraisings for smaller companies.

As discussed in our responses to questions 1, 8 and above in 18a, we believe that best way to address this issue is to introduce (i) separate regimes for an IPO and a secondary offer in the Prospectus Directive and (ii) a bespoke regime for companies on SME Growth Markets, when a prospectus is required (i.e. an IPO which is accompanied by a public offer fundraising above the exemption limits and a secondary public offer), which effectively would replace the proportionate regime for SMEs and companies with reduced market capitalisations.

The introduction of SME Growth Markets offers an excellent opportunity to improve further the availability of public equity finance for SMEs. As these markets are a distinct category from regulated markets, we believe that a specific prospectus regime should be created for them where none of the exemptions of the Directive apply. This would also provide further clarity to investors that they are distinct and different types of market, emphasising the additional prescriptive requirements which apply for regulated markets and so reinforcing the position of regulated markets as well as ensuring that SME Growth Markets are fit for purpose. We propose that the following aspects are part of this regime:

- **Create a SME Growth Market Prospectus for IPOs that include a public offer**

  We believe that the prospectus regime for SME Growth Markets should facilitate raising finance, rather than hinder it. As such, we propose that companies that seek admission to a SME Growth Market with a fundraising element that raises money from the public (above the threshold exemptions in the Directive) should produce a specialised SME Growth Market Prospectus, which does not have to be pre-vetted or approved by the national competent authority.

  The content requirements should be principles-based. These should not be an exhaustive list of requirements, but instead a list of minimum disclosures. We believe that there should be, as now, an overriding principle that all information about the offer that is necessary to make an investment decision is included in the document. We have outlined in Annex I what minimum disclosures we believe should be included in a SME Growth Market Prospectus for IPOs that include a public offer which does not meet any of the Directive's current exemptions.

  The above is in line with ESMA's Technical Advice to the Commission on MiFID II and MiFIR regarding the requirements for SME Growth Markets.

- **Create a SME Growth Market Proportionate Prospectus for Secondary Public Offers**

  We believe that companies should not have to produce a full prospectus for a secondary public offer (whether on a regulated market or SME Growth Market) because there is already a great deal of information available to the public as a result of ongoing disclosures.

  We have outlined in Annex I what information we believe should be included in a SME Growth Market Proportionate Prospectus for Secondary Public Offers.

- **Allow companies on SME Growth Markets to incorporate information by reference**

  We believe that the ability to incorporate information by reference should be extended to issuers on SME Growth Markets. Issuers should be able to incorporate by reference any information that has been released to the market and is publicly available, so that a prospectus is not cluttered with information that is already available to investors.

  Currently, incorporation by reference is only available to issuers on regulated markets, but we cannot see any reason why this should not be extended to issuers on SME Growth Markets for information that has been released to the market and is available for investors to review. Please see our response to Q23 regarding incorporation by reference.

  This is in line with the principles behind the creation of the SME Growth Market under MiFID II. Furthermore, we note that ESMA's Technical Advice to the Commission on MiFID II and MiFIR states that all RNS announcements in the previous five years of companies on SME Growth Markets must at a minimum be published on the market operator's website.

c) Proportionate regime for issues by credit institutions referred to in Article 1(2)(j) of Directive 2003/71/EC

Textbox: [ ]

We do not have an opinion as it does not directly affect our members – small and mid-size quoted companies.

Q19 If the proportionate disclosure regime were to be extended, to whom should it be extended?

a) **To types of issuers or issues not yet covered? ☑ Please specify:** To all secondary offers and at the least to open offers

b) To admissions of securities to trading on an MTF, supposing those are brought into the scope of the Directive? Please specify: [text box]

c) Other. Please specify: [text box]

d) Don't know/no opinion

Textbox: [justification]

Please see our response to Q18. We believe that the proportionate disclosure regime for rights issues should be replaced by a proportionate prospectus for secondary offers.

At a minimum, as discussed in our response to Q18, the proportionate disclosure regime for rights issues should be extended to all types of issues to existing shareholders. As we have said in response to Q16, we can see no reason why SMEs should be forced into making a rights issue when, for example, an open offer would be more appropriate purely because the costs of an open offer are prohibitive due to the proportionate regime not being available.

The principle of the proportionate disclosure regime being available for rights issues is that investors already have access to much of the information that must be included within a prospectus, as the company is already on the market. An open offer is no different. In fact, an open offer is more restricted than a rights issue as the entitlement of existing shareholders cannot, unlike rights issues, be traded. Both rights issues and open offers are offers to existing shareholders, with the same information available to them, so the distinction has no relevance to the level of information that should be included within a prospectus. In our view, proportionate disclosure should be available to all secondary public offers.

Please see our response to Q18 b) and Q21 regarding the creation of a bespoke SME Growth Markets regime.

Q20 Should the definition of "company with reduced market capitalisation" (Article 2(1)(t)) be aligned with the definition of SME under Article 4(1)(13) of Directive 2014/65/EU by raising the capitalisation limit to EUR 200 000 000?

- **Yes ☑**
- No
- Don't know/no opinion

Textbox: [justification]

Yes, it should be aligned, if the proportionate prospectus regime for SMEs and companies with reduced market capitalisations is retained.

As discussed in our response to question 18b, we believe that best way to address this issue is to introduce a separate regime for an IPO and a secondary offer in the Prospectus Directive. We also believe that the Commission should create a bespoke regime for companies on SME Growth Markets, when a prospectus is required (i.e. an IPO which is accompanied by a public offer fundraising above the exemption limits and a secondary public offer), which effectively would replace the proportionate regime for SMEs and companies with reduced market capitalisations. Please see our response to Q18 b) and Q21 regarding the creation of a bespoke SME Growth Markets regime.

Q21 Would you support the creation of a simplified prospectus for SMEs and companies with reduced market capitalisation admitted to trading on an SME growth market, in order to facilitate their access to capital market financing?

- **Yes ☑**

- No, the higher risk profile of SMEs and companies with reduced market capitalisation justifies disclosure standards that are as high as for issuers listed on regulated markets.
- Don't know/no opinion

Textbox: [justification]

Yes, we would support the creation of a simplified prospectus for SMEs and companies with reduced market capitalisation admitted to trading on an SME Growth Market, in the cases where a prospectus is required for an offer which is outside of the exemptions of the Prospectus Directive. As noted in our response to Q11, we do not support the creation of a prospectus for companies seeking admission to trading on a MTF or SME Growth Market.

As noted in our response to question 18 b), the introduction of SME Growth Markets offers an excellent opportunity to improve further the availability of public equity finance for SMEs. As these markets are a distinct category from regulated markets, we believe that a specific prospectus regime should be created for them. This would also provide further clarity to investors that they are distinct and different types of market, emphasising the additional prescriptive requirements which apply for regulated markets and so reinforcing the position of regulated markets as well as ensuring that SME Growth Markets are fit for purpose. We propose that the following aspects are part of this regime:

- **Create a SME Growth Market Prospectus for IPOs that are a public offer**

  We believe that the prospectus regime for SME Growth Markets should facilitate raising finance, rather than hindering it. As such, we propose that companies that seek admission to a SME Growth Market with a fundraising element that raises money from the public (above the threshold exemptions in the Directive) should produce a specialised SME Growth Market Prospectus, which does not have to be pre-vetted or approved by the national competent authority.

  The content requirements should be principles-based. These should not be an exhaustive list of requirements, but instead a list of minimum disclosures. We believe that there should be, as now, an overriding principle that all information about the offer that is necessary to make an investment decision is included in the document. We have outlined in Annex I what information we believe should be included in a SME Growth Market Prospectus for IPOs that include a public offer which does not meet any of the Directive's current exemptions.

  The above is in line with ESMA's Technical Advice to the Commission on MiFID II and MiFIR regarding the requirements for SME Growth Markets.

- **Create a SME Growth Market Proportionate Prospectus for Secondary Public Offers**

  We believe that companies should not have to produce a full prospectus for a secondary public offer (whether on a regulated market or SME Growth Market) because there is already a great deal of information available to the public as a result of ongoing disclosures.

  We have outlined in Annex I what information we believe should be included in a SME Growth Market Proportionate Prospectus for Secondary Public Offers.

- **Allow companies on SME Growth Markets to incorporate information by reference**

  We believe that the ability to incorporate information by reference should be extended to issuers on SME Growth Markets. Issuers should be able to incorporate by reference any information that has been released to the market and is publicly available, so that a prospectus is not cluttered with information that is already available to investors.

  Currently, incorporation by reference is only available to issuers on regulated markets, but we cannot see any reason why this should not be extended to issuers on SME Growth Markets for information that has been released to the market and is available for investors to review. Please see our response to Q23 for a more detailed analysis of incorporation by reference.

  This is in line with the principles behind the creation of the SME Growth Market under MiFID II. Furthermore, we note that ESMA's Technical Advice to the Commission on MiFID II and MiFIR states that all RNS announcements in the previous five years of companies on SME Growth Markets must at a minimum be published on the market operator's website.

Q22 Please describe the minimum elements needed of the simplified prospectus for SMEs and companies with reduced market capitalisation admitted to trading on an SME growth market.

Textbox: [justification]

Please see our response to Q18b and Q21 and our detailed outline in Annex I.

Q23 Should the provision of Article 11 (incorporation by reference) be recalibrated in order to achieve more flexibility? If yes, please indicate how this could be achieved (in particular, indicate which documents should be allowed to be incorporated by reference)?

- **Yes ☑**
- No
- Don't know/no opinion

Textbox: [justification]

Yes, we believe that the provision of Article 11 (incorporation by reference) should be recalibrated in order to achieve more flexibility.

However, we do not believe that setting out an exhaustive list of documents that may be incorporated by reference would be within the principles or spirit of the Prospectus Directive. An exhaustive list of documents that can be incorporated by reference is unnecessary, will add costs and could add confusion if such a list is not clear and/or seems to be comprehensive but is not in fact so.

Incorporation by reference is of crucial importance to companies, especially to small and mid-size quoted companies (which have limited resources). We firmly believe that a restrictive interpretation of its application would be disproportionately burdensome on such companies and restrict their ability to access capital markets.

Incorporation by reference both:

(i) aids comprehensibility of the prospectus by removing information that can be readily accessed elsewhere and is not specific to the particular issue, offer or admission; and

(ii) reduces costs to companies and the time taken to prepare and obtain approval by decreasing the length of the prospectus and by consequently reducing the related time and costs in producing, checking and cross referencing the document within itself and as against the various Annexes to the Prospectus Regulation.

Provided the necessary information is referred to and is easily accessible to investors, we cannot see that there is any loss of investor protection by using incorporation by reference. Investors are still able to access and review the information, but are presented with a shorter and more easily understandable prospectus dealing with the specific factors relevant to the issue.

This is particularly important for secondary issues, where even more information is already available to investors and much of the information required to be included is repetitive and not specific to the offer. Therefore, including all the information in the Annexes could detract from the key information that an investor needs to assess whether to invest. Again, provided such information is referred to and available should an investor wish to review it, we cannot see any argument that repeating it in the prospectus itself adds materially (if at all) to investor protection so as to justify the additional costs to companies. Anything which might reduce the availability of incorporation by reference will increase the costs to companies.

The particular costs that would be decreased if the use of incorporation by reference was facilitated include those currently charged by lawyers and accountants to check that the information has been correctly extracted and incorporated into the prospectus; other additional costs for printers would be reduced as the documents processed become shorter.

Moreover, a simpler incorporation by reference would shorten the preparation and scrutiny time, reducing delays to the process and making it possible to make fundraisings under a short timetable. Thus, this would facilitate small and mid-size quoted companies' ability to raise finance and grow.

Incorporation by reference could be made simpler and more useful if it is made by referring to where the information is available (e.g. the issuers' website) and where details can be found. This information should be publicly available (provided that a disclaimer can be used to ensure that the offer is only available within the appropriate jurisdictions or only by those individuals within the jurisdiction who qualify to receive the offer) and free of charge.

We believe that it is important to allow any hyperlinks to be compliant if they are linking to a page from which an investor can click through to all relevant documents. A separate individual hyperlink directly to each document should not have to be provided.

We believe that, so long as investors can access the information easily via the link, there will be no detriment to investor protection and further problems can be avoided, such as where documents are hosted on websites not maintained by the company. Links to a webpage, rather than hyperlinks directly to documents, also facilitate use of disclaimers and restrictions on access by residents of jurisdictions in which an offer is not able to be made due to local security laws.

As an example, it would be very valuable (for both companies and investors) to be able to incorporate constitutional documents by reference rather than having to include lengthy sections repeating standard

provisions which simply increase the length of, as well as associated costs and time taken to produce and approve, prospectuses.

Q24 (a) Should documents which were already published/filed under the Transparency Directive no longer need to be subject to incorporation by reference in the prospectus (i.e. neither a substantial repetition of substance nor a reference to the document would need to be included in the prospectus as it would be assumed that potential investors have anyhow access and thus knowledge of the content of these documents)? Please provide reasons.

- Yes
- **No ☑**
- Don't know/No opinion

Textbox [justification]:

We believe that there should be incorporation by reference of all the information that investors need to make an informed investment decision. Such information, to be reliable, should be drawn to the investors' attention, and therefore, there needs to be a reference in the prospectus as to what information is being incorporated by reference and where that information can be obtained. We consider this to be absolutely necessary in order to protect both investors and companies.

Any information which has already been disclosed to the public should be available to be incorporated by reference in a prospectus. We have explained in detail in our response to Q23 how we believe incorporation by reference could be improved.

In addition to the information otherwise publicly available, all information disclosed according to the laws, regulations or administrative provisions of Member States adopted under the Transparency Directive Article 3(1) should be capable of being incorporated by reference. In this regard, we cannot see that an exhaustive list of information disclosed under national requirements in each Member State would add any real value, but note again that it may lead to additional costs and delays for companies to the extent that it reduces their ability to use incorporation by reference or leads to confusion should it not be updated to reflect amendments to the Directives.

(b) Do you see any other possibilities to better streamline the disclosure requirements of the Prospectus Directive and the Transparency Directive?

- Yes
- **No ☑**
- Don't know/No opinion

Textbox [justification]:

Please see our responses to Q23 and Q24. Rather than streamlining disclosure requirements, we believe that incorporation by reference should be improved.

Q25 Article 6(1) Market Abuse Directive obliges issuers of financial instruments to inform the public as soon as possible of inside information which directly concerns the said issuers; the inside information has to be made public by the issuer in a manner which enables fast access and complete, correct and

timely assessment of the information by the public. Could this obligation substitute the requirement in the Prospectus Directive to publish a supplement according to Article 17 without jeopardising investor protection in order to streamline the disclosure requirements between Market Abuse Directive and Prospectus Directive?

- Yes
- **No ☑**
- Don't know/No opinion

Textbox [justification]:

Please see our responses to Q23 and Q24.

We note that the Market Abuse Regulation will repeal and replace the Market Abuse Directive as of 3 July 2016. We have outlined the impact of this Regulation for small and mid-size quoted companies in our submissions to ESMA in October 2014.[10]

Q26 Do you see any other possibility to better streamline the disclosure requirements of the Market Abuse Directive and the Prospectus Directive?

- Yes
- **No ☑**
- Don't know/No opinion

Textbox [justification]

Please see our response to Q25.

B.4 Reassessing the objectives of the prospectus summary and addressing possible overlaps with the key information document required under the PRIIPs Regulation

Q27 Is there a need to reassess the rules regarding the summary of the prospectus? (Please provide suggestions in each of the fields you find relevant)

a) Yes, regarding the concept of key information and its usefulness for retail investors ☑
b) Yes, regarding the comparability of the summaries of similar securities
c) Yes, regarding the interaction with final terms in base prospectuses
d) No.
e) Don't know/no opinion
Textbox: [justification]

Amendments should be sought so that the summary is a useful document for investors.

Indeed, as it currently stands, the summary does not work as a summary: it summarises information that would not need to be summarised and as a result becomes confusing and unreadable. This makes the

[10] Available at http://www.theqca.com/article_assets/articledir_184/92072/ESMA_MAR_CP_TS_QCA_ANNEX1.pdf and http://www.theqca.com/article_assets/articledir_184/92062/ESMA_MAR_CP_TA_QCA_ANNEX1.pdf;

summary useless as it adds costs for companies and does not provide the relevant information important for investors.

We believe that the summary should include that information that is useful for investors to know and refer back to the prospectus for more detailed information. This would automatically make the summary considerably shorter and fit the purpose that is intended of it.

We do not believe that there should be a limitation of the length of the summary, as that would defeat its purpose. Any indication on the length of the summary, either in number of words/pages or percentage of the prospectus should be given as guidance only.

Q28 For those securities falling under the scope of both the packaged retail and insurance-based investment products (PRIIPS) Regulation, how should the overlap of information required to be disclosed in the key investor document (KID) and in the prospectus summary, be addressed?

a) By providing that information already featured in the KID need not be duplicated in the prospectus summary. Please indicate which redundant information would be concerned : [textbox]
b) By eliminating the prospectus summary for those securities.
c) By aligning the format and content of the prospectus summary with those of the KID required under the PRIIPS Regulation, in order to minimise costs and promote comparability of products
d) Other: [textbox] ☑
e) Don't know/no opinion

Textbox: [justification]

As mentioned in our response to Q27, amendments should be sought so that the summary is a useful document for investors.

However, we would emphasise that the Key Investor Document (KID) is only relevant for packaged retail and insurance-based investment products. We would not support replacing the summary with the KID in any way, as the KID was not designed and therefore would not work for equities (e.g. shares cannot be unbundled and explained).

B.5 Imposing a length limit to prospectuses

Q29 Would you support introducing a maximum length to the prospectus? If so, how should such a limit be defined?

- Yes, it should be defined by a maximum number of pages and the maximum should be [figure] pages
- Yes, it should be defined using other criteria, for instance: [textbox]
- No ☑
- Don't know/no opinion

Textbox: [justification]

We strongly believe that the prospectus needs to be as long or as short as it needs to be taking into consideration different factors such as type of company or complexity of business sector**.** Imposing a length

limit would potentially mean that important areas would not be covered properly. The length of the prospectus in any particular case should be guided by the principles of materiality and comprehensibility.

Imposing a length limit to the prospectus raises great concerns on what that could mean in terms of risk of investment and liability of directors. A company director is personally liable for ensuring that all the information that is needed to go into a prospectus is included in the document; having to do so while constrained by a length limit would be difficult and possibly deter companies from raising equity finance.

Q30 Alternatively, are there specific sections of the prospectus which could be made subject to rules limiting excessive lengths? How should such limitations be spelled out?

Textbox: [ ]

As mentioned in our response to Q29, we strongly believe that the prospectus needs to be as long or as short as it needs to be taking into consideration different factors such as type of company or complexity of business sector. Imposing a length limit would potentially mean that important areas would not be covered properly. The length of the prospectus in any particular case should be guided by the principles of materiality and comprehensibility.

Imposing a length limit to specific sections of the prospectus raises great concerns on what that could mean in terms of risk of investment and liability of directors. A company director is personally liable for ensuring that all the information that is needed to go into a prospectus is included in the document; having to do so while constrained by a length limit would be difficult and possibly deter companies from raising equity finance.

B.6 Liability and sanctions

Q31 Do you believe the liability and sanctions regimes the Directive provides for are adequate? If not, how could they be improved?

	Yes	No	No opinion
The overall civil liability regime of Article 6	**x**		
The specific civil liability regime for prospectus summaries of Article 5(2)(d) and Article 6(2)	**x**		
The sanctions regime of Article 25	**x**		

Q32 Have you identified problems relating to multi-jurisdiction (cross-border) liability with regards to the Directive? If yes, please give details.

- Yes
- No
- Don't know/no opinion ☑

Textbox: [justification]

C. How prospectuses are approved

C.1 Streamlining further the approval process of prospectuses by national competent authorities (NCAs)

Q33 Are you aware of material differences in the way national competent authorities assess the completeness, consistency and comprehensibility of the draft prospectuses that are submitted to them for approval? Please provide examples/evidence.

- Yes
- No
- Don't know/no opinion ☑

Textbox: [justification]

Q34 Do you see a need for further streamlining of the scrutiny and approval procedures of prospectuses by NCAs? If yes, please specify in which regard.

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

The review process by a competent authority is, in our view, one of the most significant contributors to the expense of producing a prospectus. It can also contribute to delays in a timetable when funds are needed on a relatively short timescale. This disproportionately affects small and mid-size quoted companies seeking to raise smaller amounts of money on public equity markets.

We believe that it is important to address the complexity and delay caused by the NCA checking the information included in the prospectus for comprehensibility (i.e. whether the individual reviewing the document on behalf of the NCA subjectively considers that it is clear and understandable), rather than just for completeness (i.e. has each item required by the Prospectus Regulations to be included in the document been included). The process should aim to make any review by the NCA as efficient as possible.

In our view, a more effective and efficient review process would involve the national competent authority checking that the relevant elements required by the Prospectus Regulations have been satisfactorily complied with for the particular issuer and issue, as applicable. This would lead to a significant reduction in time and cost.

We believe that the Commission could further contribute to a more efficient review process by NCAs if it were to restrict NCAs from raising new questions late in the review process (unless new information is submitted by the issuer). This would also avoid adding delays and costs to the review process.

In addition, we do not believe that NCAs should be able to wait until the end of the working day following the day the decision to approve (or refuse approval) was taken to inform the issuer. This causes unnecessary delays in the transaction process. We see no reason why this decision cannot be communicated immediately.

Aside from the minimal reduction in disclosure requirements, in our view, a further significant reason why the proportionate disclosure regime has been singularly unsuccessful is the unwieldy pre-vetting process. This can add up to 4-6 weeks on to a fund raising timetable, and during this time an opportunity speedily to take advantage of market conditions can be lost. It is not an efficient process which will foster a dynamic, fast moving and modern economy.

As we have argued elsewhere in this paper, we accept that, for regulated markets (but not for SME Growth Markets), there is an argument for retaining the pre-vetting process so long as that process is reformed. For secondary offers, where a company is already admitted to trading and is complying with EU directives on transparency and market abuse, we struggle to see the need for, or the cost effectiveness of, a hugely detailed, further prospectus requiring an inevitably longer pre-vetting process. In theory, all price sensitive information relating to an issuer will be available to the market (by requiring issuers to make better use of their websites; an example of this being the information required by AIM Rule 26 in the UK: issuers on regulated markets in the UK are not required to make similar information available although many do so, to a greater or lesser extent, in practice).

Investors are able to buy shares in the secondary market based on that information. If the issuer subsequently decides to embark on a fundraise, the only additional information that investors need, at that point is a much shorter document – similar to a securities note or term sheet – describing the terms of the current offer and the intended use of proceeds. Such a document, if subject to the pre-vetting regime for regulated markets, should be able to pass through that regime in a much more shortened and efficient timescale with significant cost reductions.

Q35 Should the scrutiny and approval procedure be made more transparent to the public? If yes, please indicate how this should be achieved.

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

We believe that the public should be aware of what it means for a prospectus to be approved by the national competent authority. There should be an understanding of the value of prospectus approval, in the sense that there is no assurance for the investor provided by the approval of the prospectus by the NCA. The meaning of 'approval by the NCA' should be better explained and stated in the document. The liability or otherwise of the NCA in this regard should also be clearly set out on the NCA's website.

Q36 Would it be conceivable to allow marketing activities by the issuer in the period between the first submission of a draft prospectus and the approval of its final version, under the premise that no legally binding purchase or subscription would take place until the prospectus is approved? If yes, please provide details on how this could be achieved.

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

Yes, we believe that it would be conceivable to allow marketing activities by the issuer in the period between the first submission of a draft prospectus and the approval of its final version, under the premise that no legally binding purchase or subscription would take place until the prospectus is approved. We believe that this would be helpful and cause no detriment to retail investors.

This could be achieved by having to demonstrate (for example, by issuing a red-line version and a supplement on the material differences), within a certain period of time, what changes have been made to the document once the end of the approval process is reached.

Q37 What should be the involvement of NCAs in relation to prospectuses? Should NCAs:

a) review all prospectuses ex ante (i.e. before the offer or the admission to trading takes place)
b) review only a sample of prospectuses ex ante (risk-based approach)
c) review all prospectuses ex post (i.e. after the offer or the admission to trading has commenced)
d) review only a sample of prospectuses ex post (risk-based approach)
e) Other ☑
f) Don't know/no opinion

Please describe the possible consequences of your favoured approach, in particular in terms of market efficiency and invest protection.

Textbox: [justification]

Please see our response to Q34.

Q38 Should the decision to admit securities to trading on a regulated market (including, where applicable, to the official listing as currently provided under the Listing Directive), be more closely aligned with the approval of the prospectus and the right to passport? Please explain your reasoning, and the benefits (if any) this could bring to issuers.

- Yes
- No ☑
- Don't know/no opinion

Textbox: [justification]

No, there is no reason for the decision to admit securities to trading on a regulated market to be more closely aligned with the approval of the prospectus and the right to passport. We believe that the admission decision should not be that of the NCA. The roles are distinct: the Recognised Investment Exchange should be responsible for defining what should be admitted to its regulated market while the NCA is responsible for reviewing the admission document.

Q39 (a) Is the EU passporting mechanism of prospectuses functioning in an efficient way? What improvements could be made?

- Yes
- No ☑

- Don't know/no opinion

Textbox: [justification]

As explained in detail above in our response to Q3, the passporting mechanism is not functioning in an efficient way for SMEs, in the sense that it is not being used as frequently as it would perhaps be desirable. Investment in these companies is mostly made by local investors, and improvements to this system would be important to allow better cross-border access to equity and investment.

We therefore believe that there is momentum to assess the way passporting works for SMEs and change the rules regarding the competent authority approval of prospectus. We address this in our response to Q34 and Q 39b).

(b) Could the notification procedure set out in Article 18, between NCAs of home and host Member States be simplified (e.g. limited to the issuer merely stipulating in which Member States the offer should be valid, without any involvement from NCAs), without compromising investor protection?

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

We believe that the Commission should consider the creation of a centralised, web-based mechanism to facilitate the exchange of information by NCAs. This would allow the possibility of a prospectus being available for immediate use throughout different Member States after the approval by one of the NCAs.

C.2 Extending the base prospectus facility

Q40 Please indicate if you would support the following changes or clarifications to the base prospectus facility. Please explain your reasoning and provide supporting arguments:

	I support	I do not support	Justify
a) The use of the base prospectus facility should be allowed for all types of issuers and issues and the limitations of Article 5(4)(a) and (b) should be removed			
b) The validity of the base prospectus should be extended beyond one year			
c) The Directive should clarify that issuers are allowed to draw up a base prospectus as separate documents (i.e. as a tripartite prospectus), in cases where a registration document has already been filed and approved by the NCA			

d) Assuming that a base prospectus may be drawn up as separate documents (i.e. as a tripartite prospectus), it should be possible for its components to be approved by different NCAs			
e) The base prospectus facility should remain unchanged			
f) Other (please specify)			

No response.

C.3 The separate approval of the registration document, the securities note and the summary note ("tripartite regime")

Q41 How is the "tripartite regime" (Articles 5 (3) and 12) used in practice and how could it be improved to offer more flexibility to issuers?
Textbox: [ ]

No response.

C.4 Reviewing the determination of the home Member State for issues of non-equity securities

Q42 Should the dual regime for the determination of the home Member State for nonequity securities featured in Article 2(1)(m)(ii) be amended? If so, how?

a) No, status quo should be maintained.
b) Yes, issuers should be allowed to choose their home Member State even for non-equity securities with a denomination per unit below EUR 1 000.
c) Yes, the freedom to choose the home Member State for non-equity securities with a denomination per unit above EUR 1 000 (and for certain non-equity hybrid securities) should be revoked.

Textbox: [justification]

No response.

C.5 Moving to an all-electronic system for the filing and publication of prospectuses

Q43 Should the options to publish a prospectus in a printed form and by insertion in a newspaper be suppressed (deletion of Article 14(2)(a) and (b), while retaining Article 14(7), i.e. a paper version could still be obtained upon request and free of charge)?

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

Yes, we believe that the options to publish a prospectus in a printed form and by insertion in a newspaper could be removed while retaining the option to provide a paper version upon request and free of charge. This would cause no detriment for investors and would save costs for issuers. A digital format (such as pdf) should be made the default format for prospectus.

Q44 Should a single, integrated EU filing system for all prospectuses produced in the EU be created? Please give your views on the main benefits (added value for issuers and investors) and drawbacks (costs)?

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

Yes, we believe that a single, integrated EU filing system for all prospectuses produced in the EU should be created, as mentioned previously in our response to Q39 b). This central repository system should allow for the prospectuses to be quickly available in order to be useful. The Commission should also consider options for providing access to this system free of charge.

Q45 What should be the essential features of such a filing system to ensure its success?

Textbox: [justification]

As mentioned in our response to Q44, the most important feature of this central repository system should be to allow for the prospectuses to be quickly available in a useful time (as opposed to three months later, for example). The Commission should also consider options for providing access to this system free of charge.

C.6 Equivalence of third-country prospectus regimes

Q46 Would you support the creation of an equivalence regime in the Union for third country prospectus regimes? Please describe on which essential principles it should be based.

- Yes
- No ☑
- Don't know/no opinion

Textbox: [justification]

No. We believe that the creation of an equivalence regime in the European Union for third country prospectus regimes is an onerous system which is only relevant to very large, global companies, and would raise issues regarding who determines equivalence standards.

The recognition of equivalence should be done internally and unilaterally by the NCAs.

Q47 Assuming the prospectus regime of a third country is declared equivalent to the EU regime, how should a prospectus prepared by a third country issuer in accordance with its legislation be handled by the competent authority of the Home Member State defined in Article 2(1)(m)(iii)?

a) Such a prospectus should not need approval and the involvement of the Home Member State should be limited to the processing of notifications to host Member States under Article 18
b) Such a prospectus should be approved by the Home Member State under Article 13
c) Don't know/no opinion ☑

Textbox: [justification]

Please see our response to Q46.

III. FINAL QUESTIONS

Q48 Is there a need for the following terms to be (better) defined, and if so, how:

a) "offer of securities to the public"

- Yes
- No ☑
- Don't know/no opinion

Textbox: [justification]

b) "primary market" and "secondary market"?

- Yes
- No ☑
- Don't know/no opinion

Textbox: [justification]

We believe that the Prospectus Directive should be amended to distinguish clearly between a public offer that is part of an IPO and a public secondary offer.

As mentioned before, we recognise that the level of disclosure for an IPO needs to be high, as, at that time, there is less information about the company available in the public domain. However, prospectuses are often cluttered and difficult to read. Repeating information that is already available detracts from the important new or offer-specific information. This, arguably, can reduce investor protection, especially for those who do not have the training or the resources to conduct the analysis (i.e. private investors).

By clearly distinguishing between the requirements of a public offer that is part of an IPO and that which is a secondary one, this would allow the Commission to create a truly proportionate disclosure regime for secondary offers, where there is already a great deal of information already available to the public.

Q49 Are there other areas or concepts in the Directive that would benefit from further clarification?

- No, legal certainty is ensured
- Yes, the following should be clarified: [ ] ☑
- Don't know/no opinion

Textbox: [justification]

As mentioned in our response to Q4 c), the limit on the number of persons should be clarified so that it is clear that it applies per Member State and is not an aggregate limit across all Member States. Failing to include this clarity within the wording of the article has led to misinterpretation that the rule is to be applied to the total number of investors, which is detrimental to SMEs and only benefits institutional investors. This should be considered in the context of having an SME Growth Market regime with a pan-European set of rules across Member States for companies that choose to access finance outside their home market.

Also as mentioned in our response to Q4 c), we believe that it would also be desirable to include the concept, which applies in certain US securities laws contexts, of the issuer being able to rely on analysis of the share register as at a specific date being effective for a specific period (of, for example, 90 days) for determining the availability of this exemption. Without this, even if it was very clear that when assessed the number of those to whom a pre-emptive offer would be made would be well below the threshold, this exemption cannot be relied on in relation to a secondary issue of traded shares given the possibility that trading in the existing shares could increase those eligible to receive the offer and thereby cause this limit to be exceeded.

Q50 Can you identify any modification to the Directive, apart from those addressed above, which could add flexibility to the prospectus framework and facilitate the raising of equity or debt by companies on capital markets, whilst maintaining effective investor protection? Please explain your reasoning and provide supporting arguments.

- Yes ☑
- No
- Don't know/no opinion

Textbox: [justification]

We believe that our key proposals to amend the Prospectus Directive would help small and mid-size quoted companies to raise finance more efficiently and effectively, whilst ensuring a high-level of investor protection. These proposals, which we have explained throughout our responses to this consultation, include:

- Introducing separate regimes for an IPO and Secondary Public Offer in the Prospectus Directive
- Creating a Proportionate Prospectus for Secondary Public Offers on regulated markets
- Ensuring that the Proportionate Prospectus for Secondary Offers applies to all types of secondary public offer
- Addressing the process of the national competent authority approving a prospectus
- Increasing the thresholds under which a prospectus does not have to be produced
- Exempting offers carried out under the Takeover Regime from the prospectus regime
- Creating a specific prospectus regime for SME Growth Markets

As mentioned before, we have included a more detailed analysis of our proposed minimum disclosure requirements for prospectuses in Annex I.

Q51 Can you identify any incoherence in the current Directive's provisions which may cause the prospectus framework to insufficiently protect investors? Please explain your reasoning and provide supporting arguments.

- Yes
- No
- Don't know/no opinion ☑

Textbox: [justification]

If you would like to discuss this in more detail, we would be happy to attend a meeting.

Yours faithfully,

Tim Ward
Chief Executive

Annex I – Minimum Disclosure Requirements for Prospectuses

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	National Competent Authority Approval	☑		☑	☑	☑	
1	**Persons responsible**						
1.1	Identification and details of persons responsible for prospectus	☑	☑	☑	☑	☑	☑
1.2	Responsibility statement	☑	☑	☑	☑	☑	☑
2	**Statutory auditors**						
2.1	Auditors' details, including membership of professional body	☑		☑	☑		
2.2	Details of	☑		☑	☑		

[11] Content should rely on the material information that the investors need. Note that these are minimum requirements – issuers will be free to include additional information in order to comply with the overriding requirement to include all information which, according to the particular nature of the issuer and of the securities offered is necessary to enable investors to make an informed assessment (**informed assessment override**).

[12] Reference to key aspects of the offer only/new information and incorporation by reference of existing information. Note that these are minimum requirements – issuers will be free to include additional information in order to comply with the informed assessment override.

13 Content should rely on the material information that the investors need. Note that these are minimum requirements – issuers will be free to include additional information in order to comply with the informed assessment override.

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	resignation, non-reappointment or removal of auditors						
3	**Selected financial information**						
3.1	Selected financial information (annual)	☑			☑		
3.2	Selected financial information (comparative data if interims)	☑			☑		
4	**Risk factors**						
4.1	Risk factors specific to issuer or industry	☑	☑	☑	☑	☑[14]	☑[15]
5	**Information about the issuer**						
5.1	***History and development of the issuer***						
5.1.1	Legal and commercial name	☑	☑	☑	☑		
5.1.2	Registration place and number	☑	☑		☑		
5.1.3	Incorporation date and length	☑			☑	☑[16]	☑[17]

[14] Only risk factors that are specific to the offer and have not been disclosed previously should be included.
[15] Only risk factors that are specific to the offer and have not been disclosed previously should be included.
[16] If definite
[17] If definite

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	of life (unless indefinite)						
5.1.4	Domicile, legal form, legislation, country of incorporation, contact details for registered office (or principal place of business)	☑	☑		☑		
5.1.5	Events in development of business	☑			☑		
5.2	***Investments***						
5.2.1	Historic principal investments	☑		Reduced disclosure	☑		
5.2.2	Principal investments in progress	☑		☑	☑		
5.2.3	Committed principal future investments	☑ (Additional disclosure required)		☑	☑ (Additional disclosure required)		
6	**Business overview**						
6.1	***Principal activities***						
6.1.1	Description of, and key factors relating to, operations and principal activities including main products sold and/or services performed	Reduced disclosure (Additional disclosure required regarding significant change)	☑	Reduced disclosure (Additional disclosure required regarding significant change)	Reduced disclosure (Additional disclosure required regarding significant change)		
6.1.2	Significant new	☑	☑	☑	☑		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	products and/or services						
6.2	***Principal markets***						
	Principal markets including revenue breakdown	Reduced disclosure	☑	Reduced disclosure (Additional disclosure required regarding significant change)	Reduced disclosure		
6.3	Exceptional factors influencing principal activities and markets	☑	☑	Reduced disclosure	☑		
6.4	Dependence on patents, licences, industrial, commercial or financial contracts or new manufacturing processes	☑	☑	☑	☑		
6.5	Basis for any statements regarding competitive position	☑	☑	☑	☑		
7	**Organisational structure**						
7.1	Description of the group and issuer's position in it	☑	☑	☑	☑		
7.2	Details of	Conditionally	☑		Conditionally		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	significant subsidiaries	excluded			excluded		
8	**Property, plants and equipment**						
8.1	Existing or planned material tangible fixed assets and any major encumbrances thereon						
8.2	Environmental issues that may affect utilisation of tangible fixed assets	☑			☑		
9	**Operating and financial review**						
9.1	***Financial condition***						
	Description of financial condition, changes and results of operations, including causes of material changes	Conditionally excluded	Conditionally excluded		Conditionally excluded		
9.2	***Operating results***						
9.2.1	Significant factors materially affecting income from operations	Conditionally excluded	Conditionally excluded		Conditionally excluded		
9.2.2	Narrative discussion of reason for	Conditionally excluded	Conditionally excluded		Conditionally excluded		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	material changes in net sales or revenues						
9.2.3	Governmental, economic, fiscal, monetary or political policies or factors materially affecting operations (actually or potentially)	Conditionally excluded	Conditionally excluded		Conditionally excluded		
10	**Capital resources**						
10.1	Short and long term capital resources						
10.2	Sources, amounts of and narrative description of cash flows	☑			☑		
10.3	Borrowing requirements and funding structure						
10.4	Restrictions on use of capital resources materially affecting operations (actually or potentially)	☑			☑		
10.5	Anticipated sources of funding						
11	**Research and**						

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	development, patents and licences						
11.1	Historic research and development policies and sponsored research and development spend (where material)	☑			☑		
12	**Trend information**						
12.1	Significant recent trends	☑	☑	☑	☑	☑	☑
12.2	Known future trends, uncertainties, demands, commitments or events likely to have a material effect on issuer	☑	☑	☑	☑	☑	☑
13	**Profit forecasts or estimates (if relevant)**						
13.1	Principal assumptions on which forecast or estimate is based	☑	☑	☑	☑	☑	☑
13.2	Report of independent accountants or auditors	☑	☑	☑	☑	☑	☑
13.3	Comparable basis of preparation	☑	☑	☑	☑	☑	☑

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
13.4	Confirmation or whether forecast is still correct (and if not, why not)	☑	☑	☑	☑	☑	☑
14	**Administrative, management and supervisory bodies and senior management**						
14.1	Details of board, management, founders and certain partners, including any family relationships, relevant expertise, other appointments, bankruptcies, convictions and sanctions	☑	☑	☑	☑		
14.2	Potential conflicts of interest (or negative statement) and lock-ins	☑	☑	☑	☑		
15	**Remuneration and benefits**						
	In relation to the last full financial year, in respect of the members of the administrative, management or supervisory bodies and key						

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
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	senior managers:						
15.1	Remuneration and benefits for last full year (on an individual basis unless home country does not require and the issuer does not otherwise publicly disclose the information)	☑	☑	Conditional exemption	☑		
15.2	Amounts set aside or accrued for pensions, retirement or similar benefits	☑	☑	Conditional exemption	☑		
16	**Board practices**						
	In respect of the members of the administrative, management or supervisory bodies:						
16.1	Date of expiry of term of office and length of service	☑	☑	Conditional exemption	☑		
16.2	Service contracts providing termination benefits (or negative confirmation)	☑	☑	Conditional exemption	☑		
16.3	Audit and remuneration committees and terms of	☑		Conditional exemption	☑		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	reference						
16.4	Country of incorporation corporate governance regime compliance	☑	☑	Conditional exemption	☑		
17	**Employees**						
17.1	Number and breakdown of employees (including temporary employees where significant)	☑			☑		
17.2	Shareholdings and options of members of administrative, management and supervisory bodies or key senior managers	☑	☑	☑	☑		
17.3	Arrangements for employee involvement in capital	☑	☑	☑	☑		
18	**Major shareholders**						
18.1	Major shareholders (or negative statement)	☑	☑	☑	☑		
18.2	Major shareholder voting rights if different (or negative	☑	☑	☑	☑		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	statement)						
18.3	Control of issuer and protection measures	☑	☑	☑	☑		
18.4	Any arrangements potentially resulting in a change of control	☑	☑	☑	☑		
19	**Related party transactions**						
19.1	Details of any relevant related party transactions	Modified requirement	☑	Conditional exemption	Modified requirement		
20	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**						
20.1	***Historical financial information***						
20.1.1	Audited historical financial information for three financial years and audit report	Modified requirement	Modified requirement	Modified requirement	Modified requirement		
20.2	***Pro forma financial information***						
20.2.1	Pro forma	☑	☑	☑	☑		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	financial information in accordance with Annex II together with a report from independent accountants or auditors (if required)						
20.3	***Financial statements***						
20.3.1	Consolidated annual financial statements required if issuer prepares both own and consolidated annual financial statements		☑	☑			
20.4	***Auditing of historical annual financial information***						
20.4.1	Audit confirmation (and any qualifications or disclaimers)	☑	☑	☑	☑		
20.4.2	Other audited information	☑	☑	☑	☑		
20.4.3	Source of financial data not extracted from audited financial statements	☑	☑	☑	☑		
20.5	***Age of latest financial***						

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
	information						
20.5.1	Maximum age of audited financial information	☑	☑	☑	☑		
20.6	***Interim and other financial information***						
20.6.1	Interim and quarterly financial statements and audit or review report (or negative statement)	Modified requirement	☑	☑	Modified requirement		
20.6.2	Inclusion of interims if registration statement is dated more than nine months after last audited financial year and comparative statements		☑	☑			
20.7	***Dividend policy***						
20.7	Description of the issuer's policy and any restrictions	☑	☑	☑	☑		
20.7.1	Dividends per share for historical financial information period	☑	☑	☑	☑		
20.8	***Legal and arbitration proceedings***						

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
20.8.1	Governmental, legal or arbitration proceedings during at least the previous 12 months (or negative statement)	☑	☑	☑	☑	☑	☑
20.9	***Significant change in the issuer's financial or trading position***						
20.9.1	Significant changes since end of last financial period (or negative statement)	☑	☑	☑	☑	☑	☑
21	**Additional information**						
21.1	***Share capital***						
	As of the date of the most recent balance sheet in the historical financials:						
21.1.1	Issued and authorised share capital details	☑	☑	☑	☑	☑	☑
21.1.2	Details of shares not representing capital	☑	☑	☑	☑	☑	☑
21.1.3	Details of shares in issuer held by or on behalf of the issuer or its subsidiaries	☑	☑		☑		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
21.1.4	Convertible or exchangeable securities or securities with warrants	☑	☑	☑	☑	☑	☑
21.1.5	Acquisition rights or obligations over capital	☑	☑	☑	☑	☑	☑
21.1.6	Capital of any group member under option or agreed to be put under option	☑	☑	☑	☑	☑	☑
21.1.7	Share capital history	☑			☑		
21.2	***Memorandum and Articles of Association***						
21.2.1	Objects and purpose	☑			☑		
21.2.2	Constitutional provisions regarding members of administrative, management or supervisory bodies	☑			☑		
21.2.3	Existing share rights, preferences and restrictions	☑			☑		
21.2.4	Action necessary to change shareholder rights and any supra legal requirements	☑			☑		

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
21.2.5	Conditions governing shareholder meetings	☑			☑		
21.2.6	Change of control provisions	☑			☑		
21.2.7	Disclosure of shareholding provisions	☑			☑		
21.2.8	Supra legal provisions on changes in capital	☑			☑		
22	**Material contracts**						
22.1	Summaries of non-ordinary course material contracts entered into in the two preceding years and any other contract providing for a material obligation or entitlement on or for the group	☑	☑	Modified requirement	☑	☑	☑
23	**Third party information and statement by experts and declarations of any interest**						
23.1	Details of experts, sources and consents	☑	☑	☑	☑	☑	☑

Brief Description (Annex I Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[11]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[12]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[13]**
23.2	Confirmation regarding third party information	☑	☑	☑	☑	☑	☑
24	**Documents on display**						
24.1	Display documents statement	☑		Modified requirement	☑		
25	**Information on holdings**						
25.1	Undertakings in which issuer's capital interest is likely to have a significant effect on its own financial position	☑			☑		

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[18]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[19]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[20]**
	National Competent Authority Approval	☑		☑	☑	☑	
1	**Persons responsible**						
1.1	Identification and details of persons responsible for prospectus	☑	☑	☑	☑	☑	☑
1.2	Responsibility statement	☑	☑	☑	☑	☑	☑
2	**Risk factors**						
2.1	Risk factors material to the securities	☑	☑	☑	☑	☑	☑
3	**Essential information**						
3.1	Working capital statement	☑	☑	☑	☑	☑	☑
3.2	Capitalisation and indebtedness statement	☑		☑	☑		
3.3	Interests of	☑	☑	☑	☑	☑	☑

[18] Content should rely on the material information that the investors need. Note that these are minimum requirements – issuers will be free to include additional information in order to comply with the overriding requirement to include all information which, according to the particular nature of the issuer and of the securities offered is necessary to enable investors to make an informed assessment (**informed assessment override**).

[19] Reference to key aspects of the offer only / new information and incorporation by reference of existing information. Note that these are minimum requirements – issuers will be free to include additional information in order to comply with the informed assessment override.

[20] Content should rely on the material information that the investors need. Note that these are minimum requirements – issuers will be free to include additional information in order to comply with the informed assessment override.

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[18]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[19]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[20]**
	persons involved in the issue/offer (including conflicts)						
3.4	Reasons for the offer and use of proceeds	☑	☑	☑	☑	☑	☑
4	**Information concerning the securities to be offered/ admitted to trading**						
4.1	Type and class of securities including ISIN	☑	☑	☑	☑	☑	☑
4.2	Legislation under which securities created	☑	☑	☑	☑	☑	☑
4.3	Confirmation if registered or bearer form and if certificated or dematerialised and details	☑	☑	☑	☑		
4.4	Currency of the securities issue	☑	☑	☑	☑	☑	☑
4.5	Description of the rights attached to the securities	☑	☑	☑	☑		
4.6	Corporate authorities and approvals by which the securities are created and/or	☑		☑	☑		

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
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	issued						
4.7	Expected issue date	☑	☑	☑	☑	☑	☑
4.8	Restrictions on free transferability	☑	☑	☑	☑	☑	☑
4.9	Mandatory takeover bids, squeeze-out and sell-out rules	☑	☑		☑		
4.10	Details of public takeover bids for the issuer's equity in the previous and current financial years	☑			☑		
4.11	Details of at source withholding tax in relevant countries	☑	☑	☑	☑		
5	**Terms and conditions of the offer[21]**						
5.1	***Conditions, offer statistics, expected timetable and required action***						
5.1.1	Offer conditions	☑	☑	☑	☑	☑	☑
5.1.2	Total amount of issue/ offer			Modified requirement			
5.1.3	Offer period	☑	☑	☑	☑	☑	☑

[21] We recognise that potential investors need to be informed of the key terms and conditions of an offer. However, we do not believe that requirements in this area should be as prescriptive as currently they are in Annex III of the Prospectus Regulation.

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[18]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[19]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[20]**
	and description of application process						
5.1.4	Circumstances and time period in which offer may be revoked or suspended	☑	☑	☑	☑	☑	☑
5.1.5	Description of scale back process	☑	☑	☑	☑	☑	☑
5.1.6	Minimum and/ or maximum amount of application	☑	☑	☑	☑	☑	☑
5.1.7	Period during which an application may be withdrawn (if applicable)	☑	☑	☑	☑	☑	☑
5.1.8	Method and time limits for payment and delivery	☑	☑	☑	☑	☑	☑
5.1.9	Manner and date of publication of offer results	☑	☑	☑	☑	☑	☑
5.1.10	Procedure for pre-emption right exercise, the negotiability of subscription rights and the treatment of unexercised subscription rights	☑	☑	☑	☑	☑	☑
5.2	***Plan of***						

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[18]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[19]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[20]**
	distribution and allotment						
5.2.1	Categories of potential investors and details if any offering a tranche is being reserved for a jurisdiction	☑			☑		
5.2.2	Indication of whether major shareholders, management and directors intend to subscribe and if any person intends to subscribe over 5% (to the extent known)	☑	☑	☑	☑	☑	☑
5.2.3	**Pre-allotment disclosure**						
(a)	Offering tranches (e.g. institutional and retail)	☑			☑		
(b)	Clawback details	☑			☑		
(c)	Allotment methodology if retail and issuer employee tranches are over-subscribed	☑			☑		
(d)	Description of any pre-determined preferential	☑			☑		

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
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	treatment of certain investor classes						
(e)	If treatment of subscriptions or applications will determined by the firm through which they are made	☑			☑		
(f)	Target minimum individual allotments within the retail tranche (if any)	☑			☑		
(g)	Conditions for closing of the offer and earliest closing date	☑			☑		
(h)	If multiple subscriptions are admitted and, if not, their treatment	☑			☑		
5.2.4	Notification process regarding allotment and conditional dealings statement (if applicable)	☑		☑	☑		
5.2.5	Over-allotment and "greenshoe"						
(a)	Existence and size of over-allotment	☑			☑		

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
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	facility and/ or "greenshoe"						
(b)	Period of over-allotment facility and/ or "greenshoe"	☑			☑		
(c)	Conditions for the use of over-allotment facility and exercise of "greenshoe"	☑			☑		
5.3	***Pricing***						
5.3.1	Offer price (or method of calculation) and statement of responsibility	☑	☑	☑	☑	☑	☑
5.3.2	Process for the disclosure of the offer price	☑	☑	☑	☑	☑	☑
5.3.3	If pre-emptive rights are restricted or withdrawn, an indication of the basis for the issue price (if for cash) and reasons for and beneficiaries of the restriction or withdrawal	☑		☑	☑		
5.3.4	Details of any material disparity between the public offer price and the effective cash	☑			☑		

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
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	cost of securities acquired by members of the administrative, management or supervisory bodies or senior management and their affiliates during the past year						
5.4	***Placing and underwriting***						
5.4.1	Details of the offer co-ordinators and where the offer is to be conducted	☑	☑	☑	☑	☑	☑
5.4.2	Paying and depository agents' details	☑		☑	☑		
5.4.3	Details of underwriters and material features of relevant agreements, commissions etc	☑	☑	☑	☑	☑	☑
5.4.4	Date of the underwriting agreement	☑	☑	☑	☑	☑	☑
6	**Admission to trading and dealing arrangements**						
6.1	Statement regarding	☑	☑	☑	☑	☑	☑

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[18]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[19]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[20]**
	proposed admission(s) and earliest admission date						
6.2	Details of existing admissions	☑	☑	☑	☑		
6.3	Details of any simultaneous private or public placing or subscription	☑		☑	☑		
6.4	Details regarding firmly committed intermediaries for secondary trading	☑		☑	☑		
6.5	Stabilisation (over-allotment or other stabilising activities)	☑			☑		
6.5.1	Stabilisation disclaimer	☑			☑		
6.5.2	Stabilisation period	☑			☑		
6.5.3	Stabilising manager's details for each jurisdiction	☑			☑		
6.5.4	Warning regarding potential impact of stabilisation on market price	☑			☑		
7	**Selling securities**						

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
		Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)	**QCA Proposal SME Growth Market Prospectus for IPOs[18]**	**Proportionate Disclosure for Rights Issues (current regime)**	**Proportionate Disclosure for SMEs and Reduced Market Cap (current regime)**	**QCA Proposal Proportionate Prospectus for Secondary Public Offers[19]**	**QCA Proposal SME Growth Market Proportionate Prospectus for Secondary Public Offers[20]**
	holders						
7.1	Name and address of seller of securities including positions held at the issuer and other material relationships	☑	☑		☑		
7.2	Number and class of securities being offered by selling holders	☑	☑		☑		
7.3	Details of lock-up agreements	☑	☑	☑	☑		
8	**Expense of the issue/ offer**						
8.1	Total net proceeds and estimate of expenses of the issue/ offer	☑	☑	☑	☑	☑	☑
9	**Dilution**						
9.1	Amount and percentage of immediate dilution from the offer	☑		☑	☑	☑	☑
9.2	Amount and percentage of immediate dilution for non-subscribers resulting from a subscription offer to existing equity holders	☑		☑	☑	☑	☑

Securities Note (Annex III Reference)		IPOs		Secondary Offers			
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10	**Additional information**						
10.1	Advisers' capacity	☑		☑	☑		
10.2	Confirmation regarding audited or reviewed information and relevant report or summary (as applicable)	☑		☑	☑		
10.3	Expert's details and statement regarding report (as applicable)	☑	☑	☑	☑	☑	☑
10.4	Third party source confirmation	☑	☑	☑	☑	☑	☑

APPENDIX A

Quoted Companies Alliance Legal Expert Group

Gary Thorpe (Chairman)	**Clyde & Co LLP**
Maegen Morrison (Deputy Chairman)	Hogan Lovells International LLP
David Davies	Bates Wells & Braithwaite LLP
Martin Kay	Blake Morgan
Paul Arathoon Andrew Collins David Hicks Tom Shaw	Charles Russell Speechlys LLP
David Fuller	CLS Holdings PLC
Mark Taylor	Dorsey & Whitney
Anthony Turner	Farrer & Co
June Paddock	Fasken Martineau LLP
Ian Binnie	Hamlins LLP
Karish Andrews	Lewis Silkin
Nicola Green Tara Hogg Eleanor Kelly Jane Mayfield	LexisNexis
Mebs Dossa	McguireWoods
Stephen Hamilton	Mills & Reeve LLP
Ross Bryson	Mishcon De Reya
Philippa Chatterton	Nabarro LLP
Jo Chattle Simon Cox Julie Keefe	Norton Rose Fulbright LLP
Naomi Bellingham Sarah Hassan Hilary Owens Gray	Practical Law Company Limited
Ben Warth	PricewaterhouseCoopers LLP
Donald Stewart	Progility PLC

Quoted Companies Alliance Corporate Finance Expert Group

Richard Evans (Chairman)	**Strand Hanson Limited**
Frederico Gago	Accola Capital LLP
Nick Naylor	Allenby Capital Ltd
Chris Hardie	Arden Partners PLC
Chris Searle	BDO LLP
David Foreman Mark Percy Amerjit Kalirai	Cantor Fitzgerald Europe
Martin Finnegan	Causeway Law
Stephen Keys	Cenkos Securities PLC
Sean Geraghty	Dechert
Stuart Andrews	finnCap
Simon McLeod	Goodman Derrick LLP
Colin Aaronson	Grant Thornton UK LLP
Robert Darwin Maegen Morrison	Hogan Lovells International LLP
James Green	K&L Gates LLP
Richard Crawley	Liberum Capital Ltd
Simon Charles David Bennett	Marriott Harrison
Richard Metcalfe	Mazars LLP
Lesley Gregory	Memery Crystal LLP
Nicholas Narraway	Moorhead James
Kristy Duane	Nabarro LLP
Andrew Holloway	Numis Securities Limited
Jonathan King	Osborne Clarke
Leighton Thomas	PricewaterhouseCoopers LLP
Samantha Harrison	RFC Ambrian Limited
Niraj Patel	Saffery Champness
Bidhi Bhoma	Shore Capital Group Ltd
Azhic Basirov	Smith & Williamson LLP
Neil Baldwin Mark Brady	SPARK Advisory Partners Limited
Dalia Joseph	Stifel
Laurence Sacker	UHY Hacker Young
Paul Shackleton	W H Ireland Group PLC
Michael Conway	Western Selection Plc
Ross Andrews	Zeus Capital Limited