

Chapter 2

Drawing up the prospectus

2.5 Simplified prospectus regime for secondary issuances

Simplified prospectus

2.5.1

UK

Article 14(1) of the *Prospectus Regulation* provides:

Article 14

Simplified disclosure regime for secondary issuances

1. The following persons may choose to draw up a simplified prospectus under the simplified disclosure regime for secondary issuances, in the case of an offer of securities to the public or of an admission to trading of securities on a regulated market:

(a) issuers whose securities have been admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months and who issue securities fungible with existing securities which have been previously issued;

(b) without prejudice to Article 1(5), issuers whose equity securities have been admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months and who issue non-equity securities or securities giving access to equity securities fungible with the existing equity securities of the issuer already admitted to trading;

(c) offerors of securities admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months;

(d) issuers whose securities have been offered to the public and admitted to trading on an SME growth market continuously for at least two years, and who have fully complied with reporting and disclosure obligations throughout the period of being admitted to trading, and who seek admission to trading on a regulated market of securities fungible with existing securities which have been previously issued.

The simplified prospectus shall consist of a summary in accordance with Article 7, a specific registration document which may be used by persons referred to in points (a), (b) and (c) of the first subparagraph of this paragraph and a specific securities note which may be used by persons referred to in points (a) and (c) of that subparagraph.

2.5.2

UK

Article 14(2) of the *Prospectus Regulation* provides for the content of a simplified prospectus:

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2. By way of derogation from Article 6(1), and without prejudice to Article 18(1), the simplified prospectus shall contain the relevant reduced information which is necessary to enable investors to understand:

- (a) the prospects of the issuer and the significant changes in the business and the financial position of the issuer and the guarantor that have occurred since the end of the last financial year, if any;
- (b) the rights attaching to the securities;
- (c) the reasons for the issuance and its impact on the issuer, including on its overall capital structure, and the use of the proceeds.

The information contained in the simplified prospectus shall be written and presented in an easily analysable, concise and comprehensible form and shall enable investors to make an informed investment decision.

It shall also take account the regulated information that has already been disclosed to the public pursuant to—

- (i) provisions of the law of the United Kingdom relied on at the time of the disclosure in question to implement [the *Transparency Directive*], where applicable, in relation to disclosures made before IP completion day,
- (ii) the UK law which implemented [the *Transparency Directive*], where applicable, in relation to disclosures after IP completion day, and
- (iii) Regulation (EU) No 596/2014.

Those issuers referred to in point (d) of the first subparagraph of paragraph 1 of this Article that are or are not required to prepare consolidated accounts in line with section 399 of the Companies Act 2006 after their securities' admission to trading on a regulated market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative information for the previous year included in the simplified prospectus, in accordance with Article 23a of [the *PR Regulation*].

Third country issuers whose securities have been admitted to trading on an SME growth market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative information for the previous year included in the simplified prospectus in accordance with Article 23a of [the *PR Regulation*].

Reduced information in a simplified prospectus

2.5.3

UK

Articles 4, 9, 13 and 17 of the *PR Regulation* specify the reduced information to be included in a simplified *prospectus*. These are reproduced in ■ PRR 2.3.1UK.