

Changes to EU Prospectus Regulation under new EU Listing Act effective today

December 4, 2024 | Client Update | 5-minute read

The new EU Listing Act designed to modernize and streamline access to public capital markets in the European Union through several amendments to the EU Prospectus Regulation becomes effective today. This client update summarizes certain of the key changes.

Introduction to EU Listing Act

On November 14, 2024, the European Union officially adopted the EU Listing Act (the “Act”), a legislative package¹ designed to modernize and streamline access to public capital markets in the European Union. The Act comprises several amendments to Regulation (EU) 2017/1129 (the “Prospectus Regulation”), and seeks to simplify and standardize certain requirements in connection with securities offerings. This client update summarizes certain of the key changes to the Prospectus Regulation.²

A large number of changes pursuant to the Act are effective today, December 4, 2024, with certain other changes due to become effective in 2026.

New exemptions from prospectus requirement

Pursuant to the Act, a prospectus is no longer needed for:

- Public offerings of up to 30% (previously, 20%) (over a period of 12 months) of securities fungible with securities already admitted to trading on the same regulated market or an SME growth market, if the issuer is not subject to a restructuring or insolvency proceedings and a short summary document (up to 11 pages) is filed (but not approved) with the relevant competent authority.
- Listings of up to 30% (previously, 20%) (over a period of 12 months) of securities fungible with securities already admitted to trading on the same regulated market.
- Offerings or listings of securities fungible with securities that for at least the last 18 months have been continuously admitted to trading on a regulated market (or, in case of an offering, an SME growth market) if (i) the securities are not issued in connection with a takeover by means of an exchange offer, merger or division, (ii) the issuer is not subject to a restructuring or insolvency proceedings, and (iii) a short summary document (up to 11 pages) is filed with the competent authority.
- Offerings of debt securities of credit institutions issued in a continuous or repeated manner if the total aggregated consideration in the EU for the securities offered is less than €150 million (previously, €75 million) (over a period of 12 months) per credit institution.
- From June 5, 2026: Offerings of securities with a total aggregated consideration of less than €12 million (over a period of 12 months); Member States may opt to reduce the threshold to €5 million.

Market practice may still require the preparation of an offering document even if it would not be required under the Act.

Prospectus disclosure

- Prospectuses for equity offerings will need to incorporate by reference, or include the information set out in, the issuer's management report (including sustainability reporting). These management reports are typically not prepared by European issuers with an upcoming offering in mind (particularly an offering involving qualified institutional investors ("QIBs") in the United States), so care should be taken to ensure that the disclosure in these reports is robust, non-IFRS measures are addressed in line with guidance and the reports are subject to rigorous review. Any diligence findings, or other updates, at the time of an offering may need to be supplementally addressed.
- Prospectuses will no longer need to include a section entitled "Operating and Financial Review and Prospects" (OFR). Depending on the fulsomeness of management reports, it may be appropriate in certain offerings, including those to QIBs in the United States, to include at least some OFR disclosure, highlighting key factors affecting results of operations.
- Financial statements to be included in the prospectus must cover the last two years of financial information (previously, the requirement was to include three) for equity offerings and one year for debt offerings. Offerings to QIBs typically include three years of annual financial statements.
- A prospectus may not include risk factors that are generic, only serve as disclaimers, or that do not give a sufficiently clear picture of the specific risks. This requirement is consistent with the guidance and practice already adopted in many European jurisdictions.
- A prospectus used for offers in only one Member State may be drafted in the language(s) of that Member State or in English; however, Member States may opt out and require that the prospectus is drafted in a local language.
- From June 5, 2026, the maximum length of prospectuses relating to equity shares will be limited to 300 pages (excluding the summary, information incorporated by reference, and information discussing an issuer's complex financial history).
- A prospectus supplement is no longer required to include new annual or interim financial information in a previously published base prospectus that is otherwise still valid; instead, such base prospectus may incorporate by reference such future financial information (provided the latter is published electronically).
- From June 5, 2026, the European Securities and Markets Authority is to develop (i) guidelines on comprehensibility and the use of plain language, and (ii) technical standards to specify the template and layout of prospectuses (including font size and style requirements). For securities offered simultaneously in the European Union and a third country where a prospectus is prepared, standardized format, layout and length requirements will not apply.

Offer periods and withdrawal rights

- A prospectus in connection with an initial public offering must be made public three (previously, six) working days before the end of the offer period.
- The deadline for investors to withdraw their acceptances during book-building in case of a prospectus supplement due to significant new factors, material mistakes, or material inaccuracies is extended to three (previously, two) working days.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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¹ The Act consists of three separate legislations published in the Official Journal on November 14, 2024: (i) [Regulation \(EU\) 2024/2809](#); (ii) [Directive \(EU\) 2024/2810](#); and (iii) [Directive \(EU\) 2024/2811](#).

² Amendments to other regulations and directives pursuant to the Act, including the Market Abuse Regulation (MAR) and the Directive on Markets in Financial Instruments (MiFID II), are not covered in this Client Alert.