

Submission Date

12/07/2019

ESMA_QA_1013

Status: Answer Published

Additional Information

Level 1 Regulation

Prospectus Regulation 2017/1129

Topic

Base Prospectus/Final terms

Subject Matter

Issue specific details in case of Category B items

Question

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

ESMA Answer

12-07-2019

[ESMA31-62-1258 Prospectuses Q&A 11.2]

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

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

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

Examples of CAT. B Items:

a) Example of final terms replicating the principle:

THE BASE PROSPECTUS:

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

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

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

THE FINAL TERMS:

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

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

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

b) Example of final terms referring to the principle:

THE BASE PROSPECTUS:

"XY. Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is applicable, the Issuer may:

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

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

THE FINAL TERMS:

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

Optional Redemption Date: [xx-2019]

Optional Redemption Amount: 1000 EUR”