



European Securities and
Markets Authority

Response form for the Consultation Paper on EU Growth prospectus



Responding to this paper

ESMA invites responses to the questions set out throughout this Consultation Paper. Responses are most helpful if they:

1. respond to the question stated;
2. contain a clear rationale; and
3. describe any alternatives ESMA should consider.

ESMA will consider all responses received by 28 September 2017.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

4. Insert your responses to the questions in the Consultation Paper in the form “Response form_Consultation Paper on EU Growth prospectus”, available on ESMA’s website alongside the present Consultation Paper (www.esma.europa.eu → ‘Your input – Open consultations’ → ‘Consultation on technical advice under the new Prospectus Regulation’).
5. Please do not remove tags of the type <ESMA_QUESTION_EUG_1>. Your response to each question has to be framed by the two tags corresponding to the question.
6. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
7. When you have drafted your response, name your response form according to the following convention: ESMA_EUG_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_EUG_ABCD_RESPONSEFORM.
8. Upload the form containing your responses, in Word format, to ESMA’s website (www.esma.europa.eu under the heading ‘Your input – Open consultations’ → ‘Consultation on technical advice under the new Prospectus Regulation’).

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly indicate by ticking the appropriate checkbox on the website submission page if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to



disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading 'Data protection'.

Who should read this Consultation Paper

This Consultation Paper may be of particular interest to investors, issuers, including issuers already admitted to trading on a regulated market or on a multilateral trading facility, offerors or persons asking for admission to trading on a regulated market as well as to any market participant who is affected by the new Prospectus Regulation.



General information about respondent

Name of the company / organisation	Compagnie Nationale des commissaires aux comptes
Activity	Audit/Legal/Individual
Are you representing an association?	<input type="checkbox"/>
Country/Region	France

Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_EUG_1>

The Compagnie Nationale des Commissaires aux Comptes “CNCC” considered the following questions:

- **Question 7:** Do you agree with the requirement to include in the EU Growth prospectus any published profit forecasts in the case of both equity and non-equity issuances without an obligation for a report by independent accountants or auditors? If not please elaborate on your reasoning. Please also provide an estimate of the additional costs involved in including a report by independent accountants or auditors.
- **Question 10:** Do you agree that issuers should be able to include in the EU Growth prospectus financial statements which are prepared under national accounting standards? If not please state your reasoning. Please also provide an estimate of the additional costs involved in preparing financial statements under IFRS.
- **Question 11:** Do you consider that there are other additions or deletions that would improve the utility of the EU Growth registration document? If yes, please specify.

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<ESMA_COMMENT_EUG_1>



- 1. : Do you consider that specific sections should be inserted or removed from the registration document and / or the securities note of the EU Growth prospectus proposed in Article A? If so, please identify them and explain your reasoning, especially in terms of the costs and benefits implied.**

<ESMA_QUESTION_EUG_1>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_1>

- 2. : Do you agree with the proposal to allow issuers to define the order of the information items within each section? Please elaborate on your response and provide examples. Can you please provide input on the potential trade-off between benefits for issuers coming from increased flexibility as opposed to further comparability for investors coming from increased standardisation?**

<ESMA_QUESTION_EUG_2>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_2>

- 3. : Given the location of risk factors in Annexes IV and V of the Prospectus Regulation, do you consider that this information is appropriately placed in the EU growth prospectus? If not please explain and provide alternative suggestions.**

<ESMA_QUESTION_EUG_3>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_3>

- 4. : Do you agree with the proposal that the cover note to the EU Growth prospectus should be limited to 3 pages? If not, please specify which would be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?**

<ESMA_QUESTION_EUG_4>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_4>

- 5. : Do you agree that the presentation of the disclosure items in para 81 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the disclosure items.**

<ESMA_QUESTION_EUG_5>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_5>

- 6. : Do you agree with the proposal to introduce a single registration document that is applicable in the case of equity and non-equity issuances? If not please provide your reasoning and alternative approach.**

<ESMA_QUESTION_EUG_6>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_6>

- 7. : Do you agree with the requirement to include in the EU Growth prospectus any published profit forecasts in the case of both equity and non-equity issuances without an obligation for a report by independent accountants or auditors? If not please elaborate on your reasoning. Please also provide an estimate of the additional costs involved in including a report by independent accountants or auditors.**

<ESMA_QUESTION_EUG_7>
Please refer to question 14 of the response form for the Consultation Paper on format an content of the prospectus.

Our comments are reproduced here below :

Under the current prospectus regime, where profit forecasts or profit estimates are included in a prospectus, there is a requirement to also include a report prepared by an independent accountant or auditor stating that in the opinion of the independent accountant or auditor the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer.

Even if we understand the overall objectives of simplifying and reducing unnecessary burdens and costs to issuers associated with preparing a prospectus, we do not agree with the proposal of removing the requirement for a report on the profit forecasts or estimates for the following reasons :

- Deleting the obligation for an independent accountant or auditor to provide assurance on the process of compilation of the profit forecasts or estimates goes against the interests of investors;
- Requiring an independent accountant or auditor report gives credibility to the information provided. If an issuer chooses to include profit forecasts or estimates in his prospectus, this is because he considers that this information is relevant and important for the operation and the potential investors.
- In France, the opinion given by the auditor in his report is based on the work he deemed necessary according to the professional guidance issued by the French institute of statutory auditors (“CNCC”) for this type of engagements, i.e. it includes :
 - an assessment of the procedures undertaken by management to compile the profit forecasts (profit estimates) as well as the implementation of procedures to ensure that the accounting policies used are consistent with the policies applied by the issuer for the preparation of the historical financial information (definitive financial information for the year ended);
 - gathering information and explanations that he deemed necessary in order to obtain reasonable assurance that the profit forecasts (profit estimates) have been properly compiled on the basis stated.
- In our experience, the obligation for issuers to have an independent auditor report, leads to a more thoroughly documented and considered preparation process by the issuer. The quality of information prepared and disclosed is higher, especially concerning the underlying assumptions, and investors’ interests are protected.

We therefore suggest that further analysis should be conducted on this issue before deciding to remove the obligation for an auditor’s report.



As explained here above, we consider that removing the requirement for a report on profit forecasts or estimates is not public interest.

In addition we consider that it is not appropriate to require management to use the same wording as the auditor by stating that the prospective information has been properly compiled on the basis stated. Surely one could expect the issuer to provide more comfort on its own profit forecast than the fact that they have been properly compiled on the basis stated. A measure that would improve the information value of prospectus for investors would be requiring a statement from the issuers on the assumptions presented in the prospectus, i.e. the assumptions retained are reasonable and are based on the best estimate of the management. In this case, it would be important for ESMA to clarify what is meant by “reasonable assumptions”.

<ESMA_QUESTION_EUG_7>

8. : Do you consider that the requirement to provide information on the issuer’s borrowing requirements and funding structure under disclosure item 2.1.1 of the EU Growth registration document should be provided by non-equity issuers too? If yes, please elaborate on your reasoning.

<ESMA_QUESTION_EUG_8>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_8>

9. : Do you think that the information required in relation to major shareholders is fit for purpose? In case you identify specific information items that should be included or removed please list them and provide examples,. Please also provide an estimate of elaborating on the materiality of the cost to provide such information items.

<ESMA_QUESTION_EUG_9>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_9>

10. : Do you agree that issuers should be able to include in the EU Growth prospectus financial statements which are prepared under national accounting standards? If not please state your reasoning. Please also provide an estimate of the additional costs involved in preparing financial statements under IFRS.

<ESMA_QUESTION_EUG_10>

We agree to allow issuers to include in the EU Growth prospectus financial statements which have been prepared under national accounting standards. We consider that this option should remain permanent and not be a temporary option.

In France, listed entities on Alternext have the choice to use the IFRS or the national accounting standards. 70% of them decide to use the national accounting standards.

In this context, we consider that ESMA should leave the choice to the issuers to use the national accounting standards. Requiring the use of the IFRS would really be a measure that would clearly increase the cost of producing the prospectus and limit access to finance for SMEs.

<ESMA_QUESTION_EUG_10>

11. : Do you consider that there are other additions or deletions that would improve the utility of the EU Growth registration document? If yes, please specify.

<ESMA_QUESTION_EUG_11>

We regret that working statement and statement of capitalisation and indebtedness are required only for equity issuance by companies with market capitalisation above € 200 000 000, since we consider that a small capitalisation may be riskier than a larger one.

<ESMA_QUESTION_EUG_11>

12. : Do you consider that the disclosure items in the EU Growth registration document are clear enough to be understood by issuers? If not, please provide your views on whether any of the items would require additional guidance to issuers.

<ESMA_QUESTION_EUG_12>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_EUG_12>

13. : Please indicate if further reduction or simplification of the disclosure requirements of the EU Growth registration document could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

<ESMA_QUESTION_EUG_13>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_EUG_13>

14. : Do you think that the presentation of the disclosure items in para 97 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the information items.

<ESMA_QUESTION_EUG_14>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_EUG_14>

15. : Do you agree with the proposal to introduce a single securities note that is applicable in the case of equity and non-equity issuances? If not please provide your reasoning and alternative approach.

<ESMA_QUESTION_EUG_15>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_EUG_15>

16. : Do you consider that the disclosure items in the EU Growth securities note are clear enough to be understood by issuers? If not, please provide your views on whether any of the items would require additional guidance to issuers.



<ESMA_QUESTION_EUG_16>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_16>

17. : Do you consider that there are any other additions or deletions that would improve the utility of the EU Growth securities note? If yes, please specify and provide examples. In addition, please consider whether the categorisation of disclosure items for non-equity securities is fit for purpose. If not, please specify and provide your suggestions.

<ESMA_QUESTION_EUG_17>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_17>

18. : Please provide an estimate of the benefit in terms of reduced costs that the production of a single securities note implies.

<ESMA_QUESTION_EUG_18>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_18>

19. : Please indicate if further reduction or simplification of the disclosure requirements of the securities note of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

<ESMA_QUESTION_EUG_19>
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<ESMA_QUESTION_EUG_19>

20. : Do you think that the presentation of the disclosure items in para 112 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the information items.

<ESMA_QUESTION_EUG_20>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_20>

21. : Given the reduced content of the summary of the EU Growth prospectus do you agree with the proposal to limit its length to a maximum of six A4 pages? If not please specify and provide your suggestions.

<ESMA_QUESTION_EUG_21>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_21>

- 22. : Do you agree that the number of risk factors could be reduced to ten instead of 15? Do you think that in some cases it would be beneficial to allow the disclosure of 15 risk factors? If yes, please elaborate and provide examples. Please also provide a broad estimate of any benefits (e.g. in terms of reduced compliance costs) associated with the disclosure of a lower number of risk factors.**

<ESMA_QUESTION_EUG_22>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_22>

- 23. : Do you agree that SMEs are less likely to have their securities underwritten? If not, should there be specific disclosure on underwriting in the summary as set out in Article 7(8)(c)(ii) of the Prospectus Regulation?**

<ESMA_QUESTION_EUG_23>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_23>

- 24. : Do you agree with the content of the key financial information that is set out in the summary of the EU Growth prospectus? If not, please elaborate and provide examples.**

<ESMA_QUESTION_EUG_24>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_24>

- 25. : Do you think condensed pro forma financial information should be disclosed in the summary of the EU Growth prospectus? Please state your views and explain. In addition, please provide an estimate of the additional costs associated with the disclosure of pro forma financial information in the summary compared to the additional benefit for investors from such disclosure.**

<ESMA_QUESTION_EUG_25>
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<ESMA_QUESTION_EUG_25>

- 26. : Do you consider that there are any other additions or deletions that would improve the utility of the EU Growth registration document? If yes, please specify and provide examples.**

<ESMA_QUESTION_EUG_26>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_26>

- 27. : Do you consider that the disclosure items in the specific summary of the EU Growth prospectus are clear enough to be understood by issuers? If not, please**



provide your views on whether any of the items would require additional guidance to issuers.

<ESMA_QUESTION_EUG_27>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EUG_27>

28. : Please indicate if further reduction or simplification of the disclosure requirements of the summary of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

<ESMA_QUESTION_EUG_28>
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