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| 15 December 2017 |

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| Response form for the Consultation Paper on draft RTS under the new Prospectus Regulation |
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| Date: 15 December 2017 |

Responding to this paper

ESMA invites responses to the questions set out throughout its Consultation Paper on draft RTS under the new Prospectus Regulation (ESMA31-62-802). Responses are most helpful if they:

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

ESMA will consider all responses received by 9 March 2018.

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:

* Insert your responses to the questions in the Consultation Paper in the present response form.
* Please do not remove tags of the type <ESMA\_QUESTION\_PR\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* 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.
* When you have drafted your response, name your response form according to the following convention: ESMA\_PR\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_PR\_ABCD\_RESPONSEFORM.
* Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading “Your input – Open consultations” 🡪 “Consultation on draft RTS 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 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](http://www.esma.europa.eu) under the heading “Data protection”.

Who should read the Consultation Paper

The Consultation Paper may be of particular interest to investors, issuers, 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 (Regulation (EU) 2017/1129).

# General information about respondent

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| --- | --- |
| Name of the company / organisation | European Savings and Retail Banking Group - ESBG |
| Activity | Banking sector |
| Are you representing an association? |  |
| Country/Region | Europe |

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_ PR\_1>

TYPE YOUR TEXT HERE

<ESMA\_COMMENT\_ PR\_1>

# Key financial information in the summary

1. : Do you agree that the KFI extracted from the issuer’s historical financial information should be sign-posted?

<ESMA\_QUESTION\_PR\_1>

ESBG is of the opinion that flagging the historical financial information as such can be beneficial for prospective investors, and this would not imply an additional workload for potential issuers. However, ESBG considers that the indication of the financial information should be consistent across issuers and legislations in order to ensure that prospective investors can easily check where the main financial information of the relevant issuer can be found.

<ESMA\_QUESTION\_PR\_1>

1. : Would you suggest the inclusion of specific templates for other types of issuer? Please specify and explain your reasoning.

<ESMA\_QUESTION\_PR\_2>

Recital 16 states that “*prospectus summary should be appropriate to investors according to whether they are investing in equity or non-equity securities*” but when reading recital 22 and the different templates described, ESBG notes that credit institutions only have one template regardless of whether it applies to equity or non-equity securities. ESBG is of the opinion that separate templates should be created for financial institutions ensuring that the disclosure for non-equity securities is less burdensome.

<ESMA\_QUESTION\_PR\_2>

1. : Do you agree that cash flow from operations is the most useful measure of cash flow for non-financial entities issuing equity and that cash flow from financing activities and cash flow from investing activities are not so relevant for investors in equity securities?

<ESMA\_QUESTION\_PR\_3>

Yes, ESBG agrees with the approach proposed to the cash flow disclosure and its importance for non-financial entities.

However, in the case of cash flow from investing activities ESBG disagrees with ESMA’s approach. ESBG believes that the cash flow from investing activities **are relevant** for investors in equity securities because investments (CAPEX) are part of every discounted cash flow valuation broadly applied by all institutional investors and therefore affect the valuation and at the end of the day the share price of a company. Although these figures related to the investment cash flow are historical in nature in a prospectus, which is true for 99.9% of the financial information in any prospectus, it can be an important information to evaluate what investments are needed for a company to achieve certain revenue growth, etc.

<ESMA\_QUESTION\_PR\_3>

1. : Given the page limit for the summary please provide your views on which items of historical financial information would be most useful for retail investors.

<ESMA\_QUESTION\_PR\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_4>

1. : Do you agree with the proposal to allow the use of footnotes to describe APMs or could this result in lengthy footnotes and complicated explanations?

<ESMA\_QUESTION\_PR\_5>

ESBG considers that given the page limit, the use of footnotes is beneficial for both issuers and investors. ESBG considers that considering that the summary cannot include cross-references to the body of the prospectus, although not ideal, the relevant (not all) information will need to be included via footnotes.

<ESMA\_QUESTION\_PR\_5>

1. : Do you agree that issuers should be given flexibility to present pro forma financial information as additional columns to the relevant tables or as a separate table? If not, should a format be mandated, bearing in mind the page limit for the summary as well as the requirement for the summary to be comprehensible?

<ESMA\_QUESTION\_PR\_6>

ESBG is of the opinion that given that ESMA considers (recital 51) that the summary should briefly state the reasons for preparing the pro forma financial information (so additional space will be consumed) the issuer should be given the flexibility to present pro forma financial information as additional columns to the relevant tables.

<ESMA\_QUESTION\_PR\_6>

1. : Do you agree that complex financial information in the summary should be presented according to its presentation in the prospectus? If not, please specify and provide alternative ways of presentation.

<ESMA\_QUESTION\_PR\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_7>

1. : Which financial measures are most useful for retail investors to determine the health of a credit institution? Do you consider that the CET1 is comprehensible for retail investors? Please specify.

<ESMA\_QUESTION\_PR\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_8>

1. : Do you agree that it should be mandatory for credit institutions to disclose SREP information in relation to Common Tier One Equity, the minimum prudential capital requirements, the Total Capital Ratio and the Leverage Ratio in the summary?

<ESMA\_QUESTION\_PR\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_9>

1. : Do you agree with the choice of measures for insurance companies?

<ESMA\_QUESTION\_PR\_10>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_10>

1. : Do you think it would be useful for retail investors to include a measure of historical performance for closed end funds in the summary?

<ESMA\_QUESTION\_PR\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_11>

1. : Do you think that investment companies which are subject to capital requirements should be required to include regulated capital ratios in their summary?

<ESMA\_QUESTION\_PR\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_12>

1. : Would the issuer, offeror or person asking for admission to trading incur costs if the proposed provisions are adopted? If so, please specify the nature of such costs, including quantifying them.

<ESMA\_QUESTION\_PR\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_13>

# Data and machine readability

1. : Do you believe that the data related to the amount raised should be made mandatory? Please explain your reasons.

<ESMA\_QUESTION\_PR\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_14>

1. : Do you agree with the data items that have been identified as necessary for the purpose of classification as well as to allow for the compilation of the annual report under Article 47 of the Prospectus Regulation? Would you like to propose any additional items or suggest items that should in your view be deleted? Please explain your reasons.

<ESMA\_QUESTION\_PR\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_15>

1. : Do you agree with the ESMA proposal to maintain the current system in place whereby NCAs submit data to ESMA in XML format as the practical arrangement to ensure that such data is machine readable? Do you agree that, by keeping the data submission system unchanged, adaptation costs are minimised for the market at large?

<ESMA\_QUESTION\_PR\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_16>

1. : Do you agree that the proposed amendment to the technical advice on prospectus approval could contribute to provide clarity on the way data referred to in Annex VII are collected by NCAs?

<ESMA\_QUESTION\_PR\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_17>

1. : Do you have suggestions in relation to how the efficiency, accuracy and timeliness of the data compilation and submission process can be further improved? In your experience, is there any specific reporting format or standard that you would deem most appropriate in this context?

<ESMA\_QUESTION\_PR\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_18>

# Advertisements

1. : Do you consider that an advertisement should contain at least a hyperlink to the website where it is published and where available and technically feasible additional information that would facilitate tracing the prospectus? Please provide examples of the additional information that you think would be helpful to include in the advertisement.

<ESMA\_QUESTION\_PR\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_19>

1. : Do you consider that the definition for complex securities set out in para 140 provides clarity to issuers and would be helpful in deciding when the comprehension alert referred to in Article 8(3)(b) of the PRIIPs Regulation should be included in an advertisement?

<ESMA\_QUESTION\_PR\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_20>

1. : Do you agree with the requirements suggested for Article 11 of the RTS? If not, please provide your reasoning.

<ESMA\_QUESTION\_PR\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_21>

1. : In particular, do you agree with the requirement to include warnings in advertisements? Do you consider that the suggested warnings are fit for purpose in terms of investor protection?

<ESMA\_QUESTION\_PR\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_22>

1. : Would the issuer, offeror or person asking for admission to trading incur costs if the aforementioned provisions are adopted? If so, please specify the nature of such costs, including whether they are one-off or ongoing and, quantify them.

<ESMA\_QUESTION\_PR\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_23>

# Supplements

1. : Do you agree that Article 2 of the First Commission Delegated Regulation should be carried over, in its entirety, to Level 2 under the new regime?

<ESMA\_QUESTION\_PR\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_24>

1. : Do you agree that the additional requirements identified from ESMA’s draft technical advice should also be included.

<ESMA\_QUESTION\_PR\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_25>

1. : Do you agree that the publication of audited financial statements by an issuer of retail debt or retail derivative securities should not trigger the requirement to publish a supplementary prospectus?

<ESMA\_QUESTION\_PR\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_26>

1. : Would the issuer, offeror or person asking for admission to trading incur costs if the aforementioned provisions are adopted? If so, please specify the nature of such costs, including quantifying them.

<ESMA\_QUESTION\_PR\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_27>

# Publication

1. : Do you agree that only Article 6(1)(c) and 6(3) of the Second Commission Delegated Regulation need to be carried over to Level 2 under the new regime?

<ESMA\_QUESTION\_PR\_28>

ESBG agrees with the proposal to carry over Article 6(1)(c) and 6(3) to Level 2 in order to include the relevant flexibility regarding the inclusion of hyperlinks in the prospectus and the publicity of the prospectus itself.

<ESMA\_QUESTION\_PR\_28>

1. : Do you agree that no other publication provisions of the new Prospectus Regulation need to be specified by way of RTS? If not, please identify the provisions which should be specified.

<ESMA\_QUESTION\_PR\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_29>

1. : Do you believe that the proposed publication provisions will impose additional costs on issuers, offerors or persons asking for admission to trading? If yes, please specify the type and nature of such costs, including whether they are one-off or on-going, and quantify them.

<ESMA\_QUESTION\_PR\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_PR\_30>