EACB RESPONSE TO THE EC CONSULTATION DOCUMENT
REVIEW OF THE PROSPECTUS DIRECTIVE

5 May 2014

The **European Association of Co-operative Banks** (EACB) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 31 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 4,200 locally operating banks and 68,000 outlets cooperative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They serve 205 million customers, mainly consumers, SMEs and communities. Europe's co-operative banks represent 78 million members and 860,000 employees and have an average market share of about 20%.
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Introduction

The EACB welcomes the opportunity to actively contribute to the discussion review of the Prospectus Directive (PD) and to transmit its views regarding possible amendments in that regard with a view to making it easier for companies (including SMEs) to raise capital throughout the EU while ensuring effective investor protection.

We share the Commissions view on the overall positive functioning of the PD but would like to highlight that certain parts of it create high administrative burdens and costs for our members. The complexity, considerable time and significant costs involved in the production of a prospectus has affected the volumes of bond issuance of our co-operative banks – especially some smaller ones-. At the same time, the fact that several regulations have developed since the entry into force of the PD (MiFID, PRIIPs, TD etc.) concerning the disclosure regime for issuers and investment products calls for a reconsideration of the cases in which the Prospectus is still necessary. Therefore, we totally agree with the assessment of the European Commission that certain elements of the prospectus regime merit a review.

Please find below our detailed responses to the Consultation Questions:

Questions

(1) Is the principle, whereby a prospectus is required whenever securities are admitted to trading on a regulated market or offered to the public, still valid? In principle, should a prospectus be necessary for:
- **admission to trading on a regulated market**
- **an offer of securities to the public?**

Should a different treatment should be granted to the two purposes (i.e. different types of prospectus for an admission to trading and an offer to the public). If yes, please give details.

The members of the European Association of Co- operative Banks (EACB) support a complete review of the prospectus directive (PD) including an in-depth analysis on the effects other regulatory initiatives have had on the prospectus regime and what local regulatory issues and practices hinder a harmonized European regime.

- Indeed, since the adoption of the PD there has been a number of interrelated financial regulatory reforms. A substantial body of – sometimes uncoordinated legislation- co-exists at the EU level to promote investor protection and the conduct of business such as MIFID I and II, MIFIR, PRIIPS, IMD II, UCITS, Transparency Directive (TD) and MAR. At the same time, several regulations that have developed since the entry into force of the Prospectus Directive in 2005 at European level (MiFID, PRIIPs) but also at national level inevitably lead to the question of whether Prospectus are still needed – at least in the current form- as a

central information document about the offered securities. With this in mind, we would consider that the cases for which a prospectus is necessary should be reconsidered.

For instance, a prospectus would still seem appropriate for companies accessing the capital markets for the first time, or for equity issues – irrespective whether this involves a public offering, or an admission to trading on a regulated market.

At the same time, for structured non-equity instruments (such as debt securities) by issuers subject to the Transparency Directive, the Key Information Document (KID) envisaged in PRIIP Regulation might serve as the main document at the point of sale and an investment decision will be based on this KID (see also our response to question no. 28). In practice, the description of the security in the Prospectus will not be strictly necessary. A demand for further information by investors could be met by making readily available the detailed terms and conditions of issue for free. For issuers subject to financial reporting in accordance with the Transparency Directive, the description of the issuer in the Prospectus could in any case be replaced by this now easily accessible financial reporting. In addition, the current financial reporting is accompanied by the obligation to publish ad hoc disclosure information, providing sufficient basic information about the issuer.

- Moreover, we support that credit institutions could be granted the so- called – "secondary issuance" exemption. We note that such an exemption already existed in Germany until 2008. According to this rule credit institutions, which issued debt securities and similar transferable securities in a continuous or repeated manner(regardless of the extent of their issuance), were exempt from the prospectus requirement. We consider that for regulated financial institutions the introduction of such an exemption for all types of publicly traded securities is sensible, appropriate and proportionate in particular when considering the already available financial information. Particularly, when new shares of the same class are exclusively reserved for the already invested investors, there is no need for information for the shareholders, which could justify the requirement to issue a prospectus. Shareholders are already very well aware the risks of their investments. This applies both to listed as well as non-listed issuers. For this reason, we do not support the rational in questions 8 et fol. in relation to " Proportionate Disclosure Regime" which distinguishes between listed and non-listed issuer for no apparent reason: Non- listed issuers would need to issue a full Prospectus when subscribing a capital increase without any relief. We do not see the need for increased investor protection or a need for a Prospectus requirement, at least not for issuers not listed on a stock exchange but oriented to the capital market which are subject to transparency requirements according to the Transparency Directive comparable to those for issuers listed on a stock exchange.

(2) In order to better understand the costs implied by the prospectus regime for issuers:
a) Please estimate the cost of producing the following prospectus
b) What is the share, in per cent, of the following in the total costs of a prospectus:

a) Bearing in mind that prospectus-related costs can only be roughly estimated, we refer to some data resulting from a non-representative empirical study for German and Austrian equity offerings, as follows:

- ***Non-equity (standalone) prospectus****:*

EUR 160,000 to EUR 1,600,000

- ***Equity prospectus (rights issue, non-proportionate****):*

EUR 2 million to EUR 4 million

- ***Initial public offer (IPO) prospectus:***

EUR 1.8 million to EUR 2.5 million

- ***Listing prospectus of an already listed issuer:***

EUR 800,000 to EUR 1 million

- ***Base prospectus:***

EUR 120,000 to EUR 600,000 (incl. programme establishment and updates)

We would like to note that taking as an example typical cooperative bank with an estimated average total asset of around 1.5 billion Euro for non- equity (bond) size issuance between 100 and 200 million Euro per year these costs affect the economic returns of the bank, e.g. these costs represent 30% of the revenues from reception and transmission of orders. Thus, we consider that the total costs of producing a prospectus seem to be disproportionate taking into account the scale and complexity of the issuer.

b) An approximate breakdown of costs is provided below:

- **Debt prospectuses:**

- Issuer's internal costs: 40% internal
- Audit costs: 15% audit costs
- Legal fees: 20% legal fees
- Competent authorities fees: 10 to 15% [We would like to note that in some other Member States, this share of costs - especially for small issuers - can surge up to 75%.]
- Other costs (please specify which): 10 to 15% other (including listing fees and fees for the Listing/Paying Agent or Arranger, publications)

- **Equity prospectuses:**

- Issuer's internal costs: 25%

- Audit costs: 40% (including insurance premium)
- Legal fees: 30%
- Competent authorities' fees: 2%
- Other costs (please specify which): 3% (e.g. printer, publication of notices etc.)

c) What fraction of the costs indicated above would be incurred by an issuer anyway, when offering securities to the public or having them admitted to trading on a regulated market, even if there were no prospectus requirements, under both EU and national law?

We would like to note that except audit costs, all the other fees vanish without prospectus.

(4) The exemption thresholds in Articles 1(2)(h) and (j), 3(2)(b), (c) and (d), respectively, were initially designed to strike an appropriate balance between investor protection and alleviating the administrative burden on small issuers and small offers. Should these thresholds be adjusted again so that a larger number of offers can be carried out without a prospectus? If yes, to which levels? Please provide reasoning for your answer.

a) the EUR 5 000 000 threshold of Article 1(2)(h):

- **Yes, from EUR 5 000 000 to EUR [***30 000 000***]**

Textbox: [The members of the EACB consider that there should be an increase of the thresholds under Article 1 para. 2 (h) and (j) of the PD. For small missions under Article 1 para. 2 (h) we consider that -in light of the mentioned total costs of producing a prospectus- it would make sense to raise the threshold to at least 10 million euros to support the aim of the European Commission to facilitate SMEs cost-effective access to the capital market. Ideally, we consider that this threshold could even be raised at 30 million euros. **]**

b) the EUR 75 000 000 threshold of Article 1(2)(j):

- **Yes, from EUR 75 000 000 to EUR [***200 000 000***]**

Textbox: [The members of EACB would propose to increase the threshold (from 75 million euros to 200 million euros) - in light of the mentioned total costs of producing a prospectus- in order to allow small credit institutions to continue to provide access to capital markets in times of low interest and extended regulatory requirements, particularly increased demands on capital.

Indeed, the aim of the proposal for the review of the PD is to simplify and reduce costs and administrative burdens that bear down small issuers decreasing their efficiency. Typically, the small credit institutions have an average size of single issue of nearly 15 mln EUR. In respect of these small denominations, they bear costs and administrative burdens - not only in order to draw up the prospectus but also in monitoring the process – related to:

- collection of the information
- elaborating financial information and other documents that support the public offer (e.g. notice to the public)

- requesting the process of preliminary activities and approval by the competent authority, bearing the competent authorities' fees (a fixed fee and a variable fee that consists of a percentage of the value issued),
- requesting a legal support (often external),
- involving and training staff involved in this activity for several weeks/months,
- updating data,
- carrying out on going actions and controls to ensure compliance with the obligation.

These burdens are disproportionate considering the average size of issue. In particular, we would consider appropriate to increase the respective threshold from EUR 75 000 000 to EUR 200 000 000 the annual total consideration for bonds. Such threshold would be more proportionate, striking an appropriate balance between the effective investor protection and the reduction of administrative burden.

This proposal would facilitate the issue of SMEs and also of banks that are supporting local economy granting loans to SMEs. Furthermore, it is worth pointing out that a higher bond's issue, due to the proposal to increase the limits of exemption, could be useful to achieve another goal: the stability of the small banks financial system. In this way, a barrier to transform the short term funding (volatile) into medium and long term funding (stable), should be eliminated with the benefits of strengthening the financial system as a whole.

In case the European Commission decides not to increase the thresholds, we would propose that for public offers with a total consideration below 200 000 000 we would propose that the issuer should draw up and publish a more proportionate disclosure as a summary document (e.g. KID), rather than an "ordinary" or base prospectus, that illustrates the key information regarding the issuer and in order to provide the features of financial products offered, the main risks and costs associated and other relevant and key information.]

c) the 150 persons threshold of Article 3(2)(b)

- **Yes, from 150 persons to [*300*] persons**

Textbox: [The above threshold is an important exemption from the Prospectus requirements for cases in which only a small part of the public is addressed and provides a clear demarcation criterion for the existence / non-existence of a prospectus requirement. The aims of the Prospectus Directive are investor protection and market efficiency. We note that – in our view- the 150 persons threshold is too low and as such could have a negative material impact on the market efficiency since this threshold may hinder market participants from refinancing in the market. This is particularly the case of smaller issuers addressing retail investors. If for example the denomination is small and the maximum amount of investment per person is capped it might be almost impossible for this market participant to refinance without preparing a prospectus. Since the costs for a prospectus are high a prospectus might be too costly compared to the benefits. Moreover, this threshold also includes the offer of these issues, although an investment has not been made yet and therefore this threshold may be exceeded without raising a

relevant amount of money. We would thus propose to raise this threshold at 300 persons.**]**

d) the EUR 100 000 threshold of Article 3(2)(c) & (d)

- **Yes, from EUR 100 000 to EUR [***enter monetary figure***]**

Textbox: [The members of the EACB consider that this exemption should be maintained. The rational behind this exemption was that it was considered that private or retail investors (who were the primary focus of the investor protection provisions of the prospectus regime) were less likely to invest in high-denomination debt (and in fact, this exemption is commonly known as the "wholesale exemption").

It is of utmost importance that the wholesale exemption and its benefits are maintained. The wholesale exemption allows the banks to offer securities throughout the EU, without the passporting requirement or the translation of the prospectus summary. As this type of cross-border offering is in line with the overall goals of the CMU, it is our view that the wholesale exemption should be maintained.

The argument of adverse effects on the liquidity of the securities can not be invoked against a retention of the latter thresholds: As long as a market for such denominations or minimum selling prices is available - which indicated the successful placement of securities under this prospectus exception - the liquidity of the relevant product cannot be considered adversely affected.

Moreover, we would encourage the Commission to take into account that the liquidity in the corporate bond markets is not a result of the denominations of the securities, but a result of efficient market making activities. The participation of market makers remain critical in supporting liquidity and the overall functioning of the secondary markets in addition to the size of issuance. Already, the current Technical Advice of ESMA on the delegated acts on MiFID II/ MiFIR concerning non-equity transparency pose a risk for any capital market funding for SMEs.[1] **]**

Q 5: Would more harmonization be beneficial in areas currently left to Member States discretion, such as the flexibility given to Member States to require a

[1]In particular the way ESMA proposes that "systematic internalisers" regime to the non-equity should be implementes is not sufficiently well calibrated. Indeed, we are concerned that it could inter alia:

- unintentionally create liquidity problems in smaller regional markets which are characterised by (1) a very limited number of liquidity providers, (2) a limited number of end-clients, (3) small issue sizes and (4) infrequent trading.
- harm smaller banks which use bonds as main funding instruments in order to sustain and finance the local communities and to grant credit to SMEs and households.

The thresholds proposed by ESMA for the definition of systematic internalisers in bonds leads to the classification of virtually all credit institutions as systematic internalisers, due to the very low threshold values. The existing practice of fixed-price transactions/security offers in many countries leads to a quick fulfilment of these criteria. Such a result does not appropriately reflect the principle of proportionality. Due to the lack of experience of all parties involved regarding the systematic internalisers regime in the non-equity area, higher thresholds should be set initially. In order to avoid the creation of a rather costly system for the continuous monitoring of (relative) thresholds for small and medium-sized credit institutions, the establishment of a de minimis regulation for absolute thresholds should be considered.

rospectus for offers of securities with a total consideration below EUR 5 000 000?

Yes

Textbox: Further harmonization could be achieved by stipulating a range within which the national authority could decide that the prospectus regime does not apply e.g. "The Directive should not apply to an offer where the total consideration for the offer in the Union is between EUR 3 000 000 and than EUR 5 000 000, which shall be calculated over a period of 12 months."

(7) Can you identify any other area where the scope of the Directive should be revised and if so how? Could other types of offers and admissions to trading be carried out without a prospectus without reducing consumer protection?

Yes

Textbox: [Yes, the members of EACB would like to put forward the following proposals:

- As already expressed under question 1, we support that credit institutions could be granted the so- called – "secondary issuance" exemption. We note that such an exemption already existed in Germany until 2008. According to this rule credit institutions, which issued debt securities and similar transferable securities in a continuous or repeated manner(regardless of the extent of their issuance), were exempt from the prospectus requirement. We consider that for regulated financial institutions the introduction of such an exemption for all types of securities is sensible, appropriate and proportionate in particular when considering the already available financial information.

- Moreover, we consider that it is necessary that admissions to trading for bonds traded exclusively on MTF could be carried out without a prospectus. Indeed trading on MTF is used by banks in particular smaller ones like co-operative banks, and for smaller issuances in order to guarantee investors the liquidity of financial instruments which are locally traded –in particular bonds. Therefore, the added duties, costs and administrative burden deriving from new information obligations, may result in discouraging trading on MTF, causing in fact a reduction of the solutions which are functional to the strengthening of the liquidity of financial instruments, which otherwise would take place or would take place in a less effective manner (See also our response to Q11).

- In addition, in cases were the the denomination is small and the maximum amount of investment per person is capped (e.g. EUR 500) a prospectus should not be required. In these cases the financial impact and risk per person is very low. Additionally this exemption may be combined with a threshold for the offer, e.g. less than EUR 3 000 000.

- With respect to further harmonization requirements it shoul be considered whether ithe technique / timing of set up, approval and publication of prospectus supplements, which currently differs among the different jurisdictions should be harmonized.]

(8) Do you agree that while an initial public offer of securities requires a full-

blown prospectus, the obligation to draw up a prospectus could be mitigated or lifted for any subsequent secondary issuances of the same securities, providing relevant information updates are made available by the issuer?
Yes
Textbox: [Yes, we agree. In particular, an exemption should apply to all secondary issuances of fungible securities, regardless of their proportion with respect to those already issued. Please also refer to our response to Q 1 and 7.**]**

(10) If the exemption for secondary issuances were to be made conditional to a full- blown prospectus having been approved within a certain period of time, which timeframe would be appropriate?
There should be no timeframe (i.e. the exemption should still apply if a prospectus was approved ten years ago)
Textbox:[Having already stated that the existing and currently being implemented European regulatory framework puts in question the current prospectus regime in question, we consider that it is necessary to clarify that the secondary market activity can not trigger separate prospectus requirement. In case the prospectus requirement for the initial public offering is still retained, no new Prospectus is necessary in order to protect investors when securities are still offered after the initial placement: The information on the securities can be can be found in the KID, the terms and conditions of issue made available and possibly a further created - in the primary market phase- Prospectus. These securities-specific information do not change over time and remain available to the consumer. The financial information of the (publicly traded) issuer and of regulated as a financial institution issuers are for interested investors also publicly available. Therefore, a prospectus requirement for secondary issuances causes unnecessary costs and time to the issuer, without having an additional benefit for the investor. With this in mind we support that there should be an unrestricted and unlimited exemption from the Prospectus requirements for secondary market activities. There is also a close connection with he question 48, since both the concept of offer of securities to the public as well as the terms primary market and secondary market should be defined uniformly throughout Europe.]

(11) Do you think that a prospectus should be required when securities are admitted to trading on an MTF? Please state your reasons.
No
Textbox: [Trading on MTF is often used by bank-issuers, in particular smaller ones like co-operative banks, for smaller issuances in order to guarantee investors the liquidity of financial instruments which are locally traded –in particular bonds. Therefore, the added duties, costs and administrative burden deriving from new information obligations, may result in discouraging trading on MTF, causing in fact a reduction of the solutions which are functional to the strengthening of the liquidity of financial instruments, which otherwise would take place or would take place in a less effective manner. With this in mind we would not necessarily support the proposal to require a prospectus when securities are admitted to trading on an MTF, in particular for bonds traded exclusively on MTF.

Should the Commission decide to extended to MTFs the obligation to publish a

prospectus, it should be necessary to define:

- appropriate thresholds in order to take account of the size of issuers/issue, type of instruments (bonds traded exclusively on MTF);

- granting a prospectus exemption to any secondary admission to trading or public offers of securities that are fungible with securities already listed, for which a prospectus has been approved within a certain time frame.**]**

(13): Should future European long term investment funds (ELTIF), as well as certain European social entrepreneurship funds (EuSEF) and European venture capital funds
(EuVECA) of the closed-ended type and marketed to non-professional investors, be exempted from the obligation to prepare a prospectus under the Directive, while remaining subject to the bespoke disclosure requirements under their sectorial legislation and to the PRIIPS key information document? Please state your reasoning, if necessary by drawing comparisons between the different sets of disclosure requirements which cumulate for these funds.

Yes, such an exemption would not affect investor/consumer protection in a significant way
Textbox: Especially risk factors, which constitute a crucial component of an investor's decision, are part of both the prospectus and the KID creating dublication. Moreover, since the requirements of the Prospectus Directive and the PRIIPs KID for the presentation of the same risk factors (market, credit and liquidity risks) differ the obligation of preparing both a prospectus and a KID could rather cause confusion to (potential) investors, while raising costs for such funds.

(15) Do you consider that the system of exemptions granted to issuers of debt securities above a denomination per unit of EUR 100 000 under the Prospectus and Transparency Directives may be detrimental to liquidity in corporate bond markets? If so, what targeted changes could be made to address this without reducing investor protection?
No
Textbox: [No. It is of utmost importance that this exemption and its benefits are maintained. The wholesale exemption allows the banks to offer securities throughout the EU, without the passporting requirement or the translation of the prospectus summary. As this type of cross-border offering is in line with the overall goals of the CMU, it is our view that the wholesale exemption should be maintained.

The argument of adverse effects on the liquidity of the securities can not be invoked against a retention of the latter thresholds: As long as a market for such denominations or minimum selling prices is available - which indicated the successful placement of securities under this prospectus exception - is the liquidity of the relevant product not adversely affected.

Moreover, we would encourage the Commission to take into account that the liquidity in the corporate bond markets is not a result of the denominations of the securities, but a result of efficient market making activities. The participation of market makers remain critical in supporting liquidity and the overall functioning of the secondary markets in addition to the size of issuance. Already, the current Technical Advice of ESMA on the delegated acts on MiFID II/ MiFIR concerning non-equity transparency pose a risk for any capital market funding for SMEs.[2] **]**

(19): If the proportionate disclosure regime were to be extended, to whom should it be extended? To types of issuers or issues not yet covered? Please specify:

Offers of shares to existing shareholders and exchange offers, e.g. to exchange under CRR grandfathered shares/issues into CRR compliant shares/issues: When offering shares to the market and therefore also to existing shareholders (due to the avoidance of dilution) the offer to existing shares is included in the 150 persons threshold of Article 3(2)(b). For that reason in most of these cases a prospectus is needed and the raising of equity is more difficult and in most cases disproportionate.

(23) Should the provision of Article 11 (incorporation by reference) be recalibrated in order to achieve more flexibility? If yes, please indicate how this could be achieved (in particular, indicate which documents should be allowed to be incorporated by reference)?

Yes

Textbox: [Yes. Each type of "regulated and published information" should be applicable for the "incorporation by reference". **]**

(24) (a) Should documents which were already published/filed under the Transparency Directive no longer need to be subject to incorporation by reference in the prospectus (i.e. neither a substantial repetition of substance

[2] In particular the way ESMA proposes that "systematic internalisers" regime to the non-equity should be implementes is not sufficiently well calibrated. Indeed, we are concerned that it could inter alia:

- unintentionally create liquidity problems in smaller regional markets which are characterised by (1) a very limited number of liquidity providers, (2) a limited number of end-clients, (3) small issue sizes and (4) infrequent trading.
- harm smaller banks which use bonds as main funding instruments in order to sustain and finance the local communities and to grant credit to SMEs and households.

The thresholds proposed by ESMA for the definition of systematic internalisers in bonds leads to the classification of virtually all credit institutions as systematic internalisers, due to the very low threshold values. The existing practice of fixed-price transactions/security offers in many countries leads to a quick fulfilment of these criteria. Such a result does not appropriately reflect the principle of proportionality. Due to the lack of experience of all parties involved regarding the systematic internalisers regime in the non-equity area, higher thresholds should be set initially. In order to avoid the creation of a rather costly system for the continuous monitoring of (relative) thresholds for small and medium-sized credit institutions, the establishment of a de minimis regulation for absolute thresholds should be considered.

nor a reference to the document would need to be included in the prospectus as it would be assumed that potential investors have anyhow access and thus knowledge of the content of these documents)? Please provide reasons.
No
Textbox [No. This information is currently not available to each investor and should therefore be maintained in the prospectus.**]**

(25) Article 6(1) Market Abuse Directive obliges issuers of financial instruments to inform the public as soon as possible of inside information which directly concerns the said issuers; the inside information has to be made public by the issuer in a manner which enables fast access and complete, correct and timely assessment of the information by the public. Could this obligation substitute the requirement in the Prospectus Directive to publish a supplement according to Article 17 without jeopardising investor protection in order to streamline the disclosure requirements between Market Abuse Directive and Prospectus Directive?
Yes
Textbox [Yes, we agree that obligation defined in MAD could substitute the requirement in the Prospectus Directive to publish a supplement in order to avoid an overlap of the information and to simplify and reduce costs and administrative burden that bear down small issuers**.**
We consider that in general a supplement to the prospectus shouldl not be necessary in case of ad-hoc publications in accordance with MAD (Art. 6).
Taking the opportunity, we would like to note that we consider that the approval process of ad hoc supplemets to the prospectus should be waived.]

(27) Is there a need to reassess the rules regarding the summary of the prospectus? (Please provide suggestions in each of the fields you find relevant)
a) Yes, regarding the concept of key information and its usefulness for retail investors
Textbox: [The summary should not be required if there is a KID existent. The new KID envisaged in the PRIIPs-regulation should be sufficient for retail investors to understand the main features and risks of the product. For detailed information, investors may consider the prospectus together with the KID. A summary in the prospectus is just a duplicate of the content in the KID and an overlap and duplication of information that would confuse the customers should be avoided. Furthermore, we believe that the KID is a document easier to understand by the investors.**]**

(28) For those securities falling under the scope of both the packaged retail and insurance-based investment products (PRIIPS) Regulation[8], how should the overlap of information required to be disclosed in the key investor document (KID) and in the prospectus summary, be addressed?

b) By eliminating the prospectus summary for those securities.
Textbox: [The summary should be eliminated. The new KID envisaged in PRIIPs-

regulation should be sufficient for retail investors to understand the main features and risks of the product. Moreover, the prospectus summary and the KID have the same purpose: to provide key investor information. Therefore, in order to avoid an overlap and duplication of information that would confuse the customers, we support the proposal of eliminating the prospectus summary for those securities falling under the scope of the packaged retail and insurance-based investment products (PRIIPS) Regulation.**]**

(29) Would you support introducing a maximum length to the prospectus? If so, how should such a limit be defined?
Textbox: [No. There should be no restriction on the length of a prospectus, as all important information should be included in a comprehensive manner – irrespective of the length. The prospectus length is determined depending on the type of issuer and the nature and characteristics of the securities issued. This is particularly important for structured products: Limiting the length might cause a need to make different prospectuses for different underlying products. This approach would neither benefit the issuer, nor the investor.
A better approach would be to rethink the use of the supplements and the final terms and to introduce a more flexible prospectus regime. The ability to use supplements to address issues not covered in the base prospectus is one of the most important improvement areas under the current regime.

Furthermore, this issue cannot be considered without considering the current liability regime under PD, given that it is an important driver for the level of disclosure.
Therefore, the length of the prospectus should be freely determined. **]**

(30) Alternatively, are there specific sections of the prospectus which could be made subject to rules limiting excessive lengths? How should such limitations be spelled out?
Textbox: [No. Please refer to our response in Q29.]

(32) Have you identified problems relating to multi-jurisdiction (cross-border) liability with regards to the Directive? If yes, please give details.
Yes
No
Don't know/no opinion
Textbox: [The fact that there is no uniform liability regime for prospectuses which creates uncertainty about the liability situation in the individual EU Member States, hinders access to the individual markets. Therefore, we would advocate a uniform EU-wide framework.**]**

(**40) Please indicate if you would support the following changes or clarifications to the base prospectus facility. Please explain your reasoning and provide supporting arguments:**

Yes, we support option a), b), c) and d) . To extend the maturity of a base prospectus from one year to three years could have large benefits from an administrative burden and costs point of view. It would also facilitate tap issues.]

(43): Should the options to publish a prospectus in a printed form and by insertion in a newspaper be suppressed (deletion of Article 14(2)(a) and (b), while retaining Article 14(7), i.e. a paper version could still be obtained upon request and free of charge)?
Yes
Textbox: The publication in a newspaper is not an effective form of publication since many investors nowadays do not read printed newspapers.

(46) Would you support the creation of an equivalence regime in the Union for third country prospectus regimes? Please describe on which essential principles it should be based.
Yes
Textbox: [Yes. The prospectuses of third country issuers should be assess as equivalent to prospectuses issued under the Prospectus Directive. **]**

(48) Is there a need for the following terms to be (better) defined, and if so, how:
a) "offer of securities to the public"
Yes
Textbox: [Please refer to our response to Q10 **]**
b) "primary market" and "secondary market"?
Yes
Textbox: [The terms "primary market" and "secondary market" are currently not dealt with in the Prospectus Directive, and the potential substantive questions attached to them should be dealt with outside this Directive due to their major impact also on other legislation, e.g. MiFID II or PRIIPs.]

The EACB trusts that its comments will be taken into account.

For further information or questions on this paper, please contact:
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