



2017 PROSPECTUS SURVIVOR GUIDE

How to survive « Level 2 » measures

What you need to know

The review of the prospectus regime is again a unique opportunity to alleviate burden for companies offering securities to the public and/or seeking admission to trading and achieve a Capital Market Union. This short guide comes really handy for authorities and policymakers and includes really useful stuff focusing on the URD, secondary issuance prospectuses and the description of risk factors.

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About AFEP

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Representing over 110 of the largest companies operating in France, AFEP takes part in public discussions aiming to find pragmatic solutions which will encourage the development of a competitive French and European economy. Afep's first objective is to carry the voice of its members to European institutions, international organisations and to the French authorities. The association is involved in drafting cross-sectoral legislation in many areas (economy, taxation, company law and corporate governance, financial markets, competition, intellectual property, labour law and social protection, environment and corporate social responsibility...).

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1. Principles for surviving

Companies had great expectations regarding the previous review of the Prospectus Directive in 2010 and were disappointed by the results. In particular the schedule established for right issues didn't meet their expectations.

This review is a new opportunity to improve the prospectus regime by ensuring that disclosure requirements are proportionate and provide useful information to investors. **So far, large listed companies have not identified significant changes and, in certain areas, the new 2017 Prospectus Regulation even imposes additional constraints** (eg. : concise summary of price sensitive information in secondary issuance prospectus). Level 2 measures will therefore be key in delivering real alleviations. In this regard **policy makers should adopt a holistic and pragmatic approach.**

How can level 2 deliver significant alleviations ?

1. Policymakers and regulators need to adopt a holistic and pragmatic approach

- To determine what disclosures need to be in a prospectus, policy makers should **focus on essential information.**
- Listed companies have to comply with many reporting requirements : **information already public should not be required.**
- **Level 1 raises several issues** that can be solved by a pragmatic approach at level 2 (non exhaustive list) :
 - #1** : 2003 Directive required in former article 10, which was repealed, a list of all information published over last 12 months ; now 2017 Prospectus Regulation will require, for secondary issuances, a **concise summary of price sensitive information** disclosed under MAR over last 12 months. This new requirement is not consistent with the objective of simplification and raises issues in terms of liability (summary of price sensitive information). Issuers should be allowed to incorporate by reference.
 - #2** : **annual and interim financial information published over last 12 months** shall be included in the secondary issuance prospectus. Including HY 2016 financial information is useless when FY 2016 information are available and included in the prospectus.

2. Maintain current flexibility and allow more where possible

- Issuers should be able to **choose the order of presentation of items** in prospectuses. They should have, for instance, the choice to describe their activities before risk factors to allow investors to understand first the business model and how it can be affected before reading the risk factors.
- Issuers should also be **allowed to include more information** than the minimum required in the Universal Registration Document.

3. Keep the rules simple or make them simple

- **The more complex rules are, the more stressed companies are** : they will then rely on their advisers which will increase the number of pages and/or risk factors and foster the use of boiler-plate language. Also **the more time consuming and expensive** it will be for companies to draft a prospectus.

4. Ensure investor protection but do not anticipate their needs

- When drafting the new prospectus schedules, **policy makers should not anticipate investor needs.**
- There is, for instance, a growing trend with ESG information and reporting (including impact of climate change). Requiring ESG disclosures in prospectuses will increase fragmentation of financial markets ; large issuers can comply but SMEs will be pushed aside. Such information should be disclosed on a voluntary basis.

5. Support and develop incorporation by reference

- **Incorporation by reference should be supported in practice** meaning that regulators, as long as comprehensibility of the prospectus is not impaired, should encourage incorporation by reference and not deter issuers from doing so.
- **Incorporation by reference could solve the issues described in paragraph 1 above.**
- The prospectus regulation empowers ESMA, or where the Commission so requests, to develop draft regulatory technical standards to update the list of documents that can be incorporated by reference. ESMA should make use of this power to take into account the evolving EU reporting framework and also development of new practices in terms of financial communication.

Look at the overall picture

6. Regulators need to change their supervisory practices

- Focus for competent authorities should not be on the review of occasional prospectuses but on the **continuous monitoring of price sensitive information and periodic disclosures.**
- Considering the increasing flow of information published by companies engaging with issuers only on the occasion of a specific financial transaction could not be the most efficient way to ensure investor protection.
- **Ongoing dialogue between issuers and regulators will strengthen investor protection and allow a faster approval of prospectuses:**
 - regulators will be able to anticipate and not deal with problems at last minute when issuers are struggling to catch an issuance window (especially on debt markets);
 - **they would be less inclined to require last minute additional disclosures** (sometimes not required by level 1 or 2).

7. Enhancing retail investors financial literacy is the priority

- Requiring more disclosures is useless if retail investors are not able to understand and analyse the information in order to make an informed investment decision. Moreover, evolution of technology will accelerate the flow of information and break up the linearity of information: retail investors do not read prospectuses from the first to the last page and the flow of information will even be more fragmented in the future with multiple formats.
- **Enhance investors economic and financial literacy will provide greater leverage in terms of investor protection and could be more efficient to restore confidence.**

2. The Universal Registration Document

- **Around 50% of French companies listed on Euronext Paris file a « document de référence » or registration document** based on Annex I of regulation n°809/2004. Most registration documents published by French Issuers do not follow the order of Annex I, although they comply with this annex ; **these documents would include 6 to 8 sections or chapters covering the following topics** (not necessarily in this order):
 1. **Presentation of the company/group and of its activities** (including selected financial data and risks factors)
 2. **Corporate governance and directors remuneration**
 3. **Non-financial and ESG statement**
 4. **Management report**
 5. **Individual and consolidated financial statements**
 6. **Stock market and share capital information**
 7. **Additional information** (including statement of responsibility, material contracts, articles of association, concordance tables...)

- Policy makers should build on the experience and practice of French issuers and **ensure flexibility for the URD** :
 - **Issuers should be allowed to choose the order of presentation** ;
 - **They should be able to group information and merge the different sections** to avoid repetitions ;
 - **They should also be able to make cross references** between different sections ;
 - **They should be allowed to include additional information** : some issuers include for instance draft resolutions for the annual shareholders meeting.

- When setting the minimum content of the URD, the Commission and ESMA should base their work on IOSCO standards and annexes I, II and III of the 2017 Prospectus Regulation. Overall **the current content of Annex I of regulation n°809/2004 is relevant to set the minimum disclosure requirement of the URD with some possible alleviations.**

- **Annex 1 of this guide includes a more detailed analysis of information that should or should not be included in the URD, based on Annex II of the 2017 Prospectus Regulation and on Annex I of regulation 809/2004.**

3. The simplified regime for secondary issuances

- A general principle would be **not to require information already made public**.
- Article 14 of the 2017 Prospectus Regulation does not refer to the annexes of the said regulation and we interpret this as a **possibility to move away**, but probably not too far away, **from the schedules described in annexes II and III**.
- We have also considered that **information required in Level 1 could be simplified** compared to what is currently required in the standard prospectus for shares and the proportionate prospectus for right issues.
- **Issuers that have filed an URD could use it to build a tripartite prospectus**. These issuers would then only draft a specific securities note for secondary issuances and a summary. They would also have to include a concise summary of price sensitive information disclosed over the last 12 months, as required by article 14 of the 2017 Prospectus Regulation : **this requirement could however be complied with by incorporation by reference of the relevant information**.
- Regarding the securities note, **the description of the securities** offered and/or admitted to trading **should be limited to information required in the summary** (the issuer is listed and issuing securities of the same class than those already traded).
- We consider that it is not the duty of the issuer to provide information on applicable tax regimes and, therefore, that **no disclosure regarding taxation should be required**.
- **Annex 2 of this guide includes a more detailed analysis of the information that should be disclosed in a secondary issuance securities note and, annex 3, a proposal for a simplified securities note for shares**.

4. Assessment and presentation of risk factors

- The Commission is empowered to adopt delegated acts to specify **the criteria for the assessment by the issuer of the specificity and materiality of risk factors and for the presentation of risk factors across categories**.
- Large companies already have in place processes to identify and manage risks. They also apply internal control policies compliant with either domestic or international frameworks (e.g. COSO). Setting **detailed criteria for the assessment of risks would be difficult to elaborate and could conflict with issuers' risk management policies**. Therefore, in this area we don't see the added value of any guidance. The priority should be for ESMA to work on the harmonisation of regulatory practices.
- **Regarding the presentation of risk factors across categories, the Commission could draw from the practice of French companies and the guidance published by the French Authority (AMF)**. The AMF recommends that risks be presented in accordance with the following categories:

- **Legal risks**
 - **Industrial and environmental risks**
 - **Credit and counterparty risks**
 - **Operational risks**
 - and **Financial risks** including liquidity risk and exposure to financial instruments and markets, interest rates, exchange rates and commodities.
- Policy makers should also take into consideration **the specific case of dual-listed issuers** whose securities are traded on EU and US markets and adopt a pragmatic approach to **ensure that these issuers can comply with all regulations without incurring increased costs and/or liability.**

* * * *

Annexes

Annex 1 – Universal Registration Document Walkthrough

Annex 2 – Secondary Issuance Securities Note Walkthrough

Annex 3 – Proposal for a Secondary Issuance Securities Note (Shares)

Annex 1 - Universal Registration Document Walkthrough

The purpose of this annex is to help policy makers to determine the content of the URD. The table below is based on Annex II of the 2017 Prospectus Regulation and includes comments on some items.

Annex II 2017 Prospectus Regulation	Comments
<p>I. Identity of directors, senior management, advisers and auditors</p> <p>The purpose is to identify the company representatives and other individuals involved in the company's offer or admission to trading; these are the persons responsible for drawing up the prospectus and those responsible for auditing the financial statements.</p>	<p>Identity of auditors would be in the auditors' report. Issuer should be able to make a cross-reference with relevant section/page of the URD and not repeat the information.</p> <p>Identity of advisers involved in the company's offer or admission should only be required when the URD is used as a constituent of a prospectus : identity of advisers would then be included in the securities note.</p>
<p>II. Essential information about the issuer</p> <p>The purpose is to summarise essential information about the company's financial condition, capitalisation and risk factors. If the financial statements included in the document are restated to reflect material changes in the company's group structure or accounting policies, the selected financial data must also be restated.</p>	<p>Issuers should be allowed to merge this section with other sections of the URD or, as a minimum, be able to make cross-references.</p> <p>When used in a prospectus, essential information about the issuer would also be included in the summary. Flexibility is therefore key to avoid redundancies.</p>
<p>A. Selected financial data</p>	<p>Selected data should only be required for financial information regarding the last financial year.</p>
<p>B. Capitalisation and indebtedness</p>	<p>We understand this item refers to the statement of capitalisation and indebtedness: when filing an URD, issuers should be allowed to omit this item. This disclosure would only be required if the URD is used in a prospectus for shares (this is the current practice of the French Authority).</p>
<p>C. Risk factors</p>	<p>Issuers should be allowed to make cross-references to other parts of the URD (management report, notes to financial statements) where information on risk factors can also be found to avoid redundancies.</p>
<p>III. Information on the company</p> <p>The purpose is to provide information about the company's business operations, the products it makes or the services it provides and the factors which affect the business. It is also intended to provide information regarding the adequacy and suitability of the company's properties, plants and equipment, as well as its plans for future capacity increases or decreases.</p>	<p>Issuers should be allowed to merge this section with other sections of the URD and to make cross-references to avoid duplication of information.</p>

A. History and development of the company	Disclosures required under this item should be similar to what is required under item 5.1 of annex I of Regulation 809/2004.
B. Business overview	Disclosures required under this item should be similar to what is required under item 6 of annex I of Regulation 809/2004.
C. Organisational structure	Issuers should be allowed to make cross-references to other parts of the URD (notes to financial statements) where such information can be found.
D. Property, plants and equipment	This would be covered in the notes to the financial statements. Therefore we don't see the need for a specific item regarding this topic.
IV. Operating and financial review and prospects The purpose is to provide the management's explanation of factors that have affected the company's financial condition and results of operations for the historical periods covered by the financial statements, and management's assessment of factors and trends which are expected to have a material effect on the company's financial condition and results of operations in future periods.	This section should be drafted in order to facilitate incorporation of the management report meaning that level 2 measures should ensure that incorporation of information required by the Transparency and Accounting (art. 19 and 29) Directives should suffice.
A. Operating results	See comment above.
B. Liquidity and capital resources	See comment above.
C. Research and development, patents and licences, etc.	Where material, this would be included in the business overview and/or in the management report. R&D is addressed in the management report (accounting directive). We don't see the need for a specific item on this topic.
D. Trends	
V. Directors, senior management and employees The purpose is to provide information concerning the company's directors and managers that will allow investors to assess their experience, qualifications and levels of remuneration, as well as their relationship with the company.	This section should allow issuers complying with a corporate governance code and making public information regarding the experience, qualifications and remuneration of their directors and senior management, as well as their relationship with the company, to incorporate by reference these information and reports in the URD.
A. Directors and senior management	We consider that the current requirements under item 14.1 of annex I of Regulation 809/2004 covering the last five years are too burdensome and disproportionate. Scope should be narrowed, as a minimum, to the period covered by historical financial information.
B. Remuneration	
C. Board practices	
D. Employees	Issuers should be allowed to make cross-references to other parts of the URD (notes to the financial statements) where such information can be found (accounting directive).
E. Share ownership	
VI. Major shareholders and related-party transactions The purpose is to provide information regarding the major shareholders and others that may control or have an influence on the company. It also provides information regarding	Disclosures required under this item should be similar to what is required under item 18 of annex I of Regulation 809/2004.

transactions the company has entered into with persons affiliated with the company and whether the terms of such transactions are fair to the company.	
A. Major shareholders	
B. Related-party transactions	This information would be covered in the financial statements established under IFRS (IAS24). Issuers publishing financial statements under IFRS should explicitly be exempted of this requirement.
C. Interests of experts and advisers	
VII. Financial information The purpose is to specify which financial statements must be included in the document, as well as the periods to be covered, the age of the financial statements and other information of a financial nature. The accounting and auditing principles that will be accepted for use in preparation and audit of the financial statements will be determined in accordance with international accounting and auditing standards.	Disclosures required under this item should be similar to what is required under item 20 of annex I of Regulation 809/2004. We consider however that: - Item 20.4 of Annex I of regulation 809/2004 “Auditing of historical annual financial information” should be deleted since the audit report would be included in the registration document. - There is no need for a specific requirement on legal and arbitration proceedings (item 20.8 of Annex I of regulation 809/2004): where significant, this would be dealt with in the notes to the financial statements and other parts of the document including the risk factors section.
A. Consolidated statements and other financial information	
B. Significant changes	
VIII. Additional information The purpose is to provide information, most of which is of a statutory nature, that is not covered elsewhere in the prospectus.	
A. Share capital	Issuers should be able to incorporate by reference or indicate where such information can be found.
B. Memorandum and articles of association	Issuers should be able to incorporate by reference or indicate where such information can be found.
C. Material contracts	Where significant, this would be covered by the business overview and/or by the management report and/or the risk factors. The current requirement reads “A summary of any other contract (not being a contract entered into in the ordinary course of business)” : this wording is confusing. Therefore we don't see the need for a specific item on this topic.
D. Statement by experts	
E. Documents on display	
F. Subsidiary information	Issuers should be allowed to make cross-references to other parts of the URD (notes to the financial statements) where such information can be found (accounting directive).

Annex 2 – Secondary Issuance Securities Note Walkthrough

The following table compares the current requirements of the proportionate securities note for right issues with the requirements of the 2017 Prospectus Regulation in order to determine what the content of the secondary issuance securities note for shares should be.

Secondary Issuance Securities Note for shares

Proportionate Schedule for the Share Securities Notes for Rights Issues (Regulation 2012/486)	Items required by 2017 Prospectus Regulation (article 14)	Included in Secondary Issuance Securities Note ?	Rationale
1. Persons responsible		Yes	Not required by Level 1 but considered to be essential information
2. Risk factors	14.3: "risk factors;"	Yes	Required by Level 1
3. Key information		-	
3.1. Working capital Statement	14.3: "the working capital statement"	Yes	Required by Level 1
3.2. Capitalisation and indebtedness	14.3: "the statement of capitalisation and Indebtedness"	Yes	Required by Level 1
3.3. Interest of natural and legal persons involved in the issue/offer	14.3: "a disclosure of relevant conflicts of interest and related-party Transactions"	Yes	Required by Level 1
3.4. Reasons for the offer and use of proceeds	14.2(c): "the reasons for the issuance and its impact on the issuer, including on its overall capital structure, and the use of the proceeds."	Yes	Required by Level 1
4. Information concerning the securities		Yes	Securities issued are of same class than existing securities ; disclosures should be limited to what is required in Level 1 (in particular in the summary)
4.1. A description of the type and the class of the securities		Yes	Limited to what is required by Level 1 in the summary of the prospectus
4.2. Legislation under which the securities have been created		No	Securities issued are of same class than existing securities
4.3. An indication whether the securities are in registered form or bearer form		No	Securities issued are of same class than existing securities
4.4. Currency of the securities		Yes	Required by Level 1 (summary)

4.5. A description of the rights attached to the securities	14.2(b): “the rights attaching to the securities”	Yes	Required by Level 1
4.6. A statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued		No	This bring no added value as a disclosure ; it would be the job of advisers (bankers and lawyers) in their due diligences to verify that the issuer has authorisations
4.7. The expected issue date of the securities		Yes	Essential information
4.8. A description of any restrictions on the free transferability of the securities		Yes	Required by Level 1 (summary)
4.9. Information on taxes		No	This is outside the scope of the prospectus: issuers issue securities to finance their activities not optimize investors taxes ; buy side issues (including tax issues) should be dealt by investors and their advisers/intermediaries
5. Terms and conditions of the offer		Yes	Essential information This would include conditions, offer statistics, expected timetable, plan of distribution and allotment, pricing, placing and underwriting (including paying agents) ; tax issues should be excluded
6. Admission to trading and dealing arrangements		Yes	Essential information
7. Lock-up agreements		Yes	Essential information
8. Expense of the issue/offer		Yes	Essential information
9. Dilution	14.2(c): “the reasons for the issuance and its impact on the issuer, including on its overall capital structure, and the use of the proceeds.”	Yes	Required by Level 1
10. Additional information		Yes	Essential information

Annex 3 – Proposal for a Secondary Issuance Securities Note (Shares)

PROSPECTUS PUBLISHED IN RELATION WITH THE OFFERING AND/OR ADMISSION TO TRADING ON [name of market] OF [number]... NEW SHARES

Legal and commercial name of the issuer, and logo if any

.....

Address, including zip code of its registered office (or principal place of business if different from its registered office) and website

.....

DOCUMENTS ON DISPLAY AND INCORPORATED BY REFERENCE

Indication where all documents incorporated by reference and the following documents (or copies thereof), where applicable, can be found:

- (a) the registration document or universal registration document ;
- (b) the memorandum and articles of association of the issuer;
- (c) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document...

SUMMARY OF THE PROSPECTUS

Warnings

- **This summary should be read as an introduction to the prospectus.**
- **Any decision to invest in the securities should be based on consideration of the prospectus as a whole.**
- [where applicable] **You can lose all or part of the invested capital.**
- **Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.**
- **Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.**

1. INTRODUCTION

- 1.1 Name and international securities identification numbers (ISIN) of the securities
- 1.2 Identity and contact details of the issuer, including its legal entity identifier (LEI)
- 1.3 Where applicable, the identity and contact details of the offeror, including its LEI if the offeror has legal personality, or of the person seeking admission.
- 1.4 The identity and contact details of the competent authority that approves the prospectus and, where different, the competent authority that approved the registration document or the universal registration document.
- 1.5 The date of approval of the prospectus.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

- 2.1.1 Provide information on the domicile and legal form of the issuer, its LEI, the legislation under which it operates and its country of incorporation.
- 2.1.2 Provide a summarized description of the issuer's principal activities.
- 2.1.3 Indicate who are the major shareholders, including whether the issuer is directly or indirectly owned or controlled and by whom.
- 2.1.4 Indicate the identity of the issuer's key managing directors.
- 2.1.5 Indicate the identity of the issuer's statutory auditors.

2.2 What is the key financial information regarding the issuer?

Provide a selection of historical key financial information presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year.

Key financial information shall, where applicable, include:

- pro forma financial information;
- a brief description of any qualifications in the audit report relating to the historical financial information.

2.3 What are the key risks that are specific to the issuer?

Provide a brief description of the most material risk factors specific to the issuer contained in the Prospectus. The total number of risk factors included in the summary shall not exceed 15.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

Provide the following information on the securities offered and/or admitted to trading:

- their type and class, their ISIN,
- where applicable, their currency, denomination, par value, the number of securities issued, the term of the securities;
- the rights attached to the securities;
- the relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of resolution under the BRRD;
- any restrictions on the free transferability of the securities;
- where applicable, the dividend or payout policy.

3.2 Where will the securities be traded?

Indicate whether the securities are or will be the object of an application for admission to trading on a regulated market or for trading on a multilateral trading facility and the identity of all the markets where the securities are or are to be traded.

3.3 Is there a guarantee attached to the securities?

Where applicable include the following information:

- a brief description of the nature and scope of the guarantee,
- a brief description of the guarantor, including its LEI,
- the relevant key financial information for the purpose of assessing the guarantor's ability to fulfil its commitments under the guarantee, and
- a brief description of the most material risk factors pertaining to the guarantor included in the prospectus.

The total number of risk factors included in the summary shall not exceed 15.

3.4 What are the key risks that are specific to the securities?

Provide a brief description of the most material risk factors specific to the securities. The total number of risk factors included in the summary shall not exceed 15.

4. KEY INFORMATION ON THE OFFER AND/OR ADMISSION TO TRADING

4.1 Under which conditions and timetable can I invest in this security?

Provide information on:

- the general terms, conditions and expected timetable of the offer,
- the details of the admission to trading,
- the plan for distribution,
- the amount and percentage of immediate dilution resulting from the offer and
- an estimate of the total expenses of the issue and/or offer, including estimated expenses charged to the investor by the issuer or the offeror.

4.2 Who is the offeror and/or the person asking for admission to trading?

Where applicable, provide a brief description of the offeror of the securities and/or the person asking for admission to trading including its domicile and legal form, the legislation under which it is incorporated and its country of incorporation.

4.3 Why is this prospectus being produced?

Provide a brief description of the reasons for the offer or for the admission to trading, as well as, where applicable:

- the use and estimated net amount of the proceeds,
- an indication of whether the offer is subject to an underwriting agreement on a firm commitment basis, stating any portion not covered,
- an indication of the most material conflicts of interest pertaining to the offer or admission to trading.

SECURITIES NOTE

1. RESPONSIBILITY FOR THE PROSPECTUS

- All persons responsible for the information given in the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.
- A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. REASONS FOR THE OFFER AND USE OF PROCEEDS

Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.

3. EXPENSE OF THE ISSUE/OFFER

Provide the total net proceeds and an estimate of the total expenses of the issue/offer.

4. DILUTION

- 4.1 Provide the amount and percentage of immediate dilution resulting from the offer.
- 4.2 In the case of a subscription offer to existing equity holders, provide the amount and percentage of immediate dilution if they do not subscribe to the new offer.

5. RISK FACTORS

Describe the risk factors that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities. The risk factors shall be presented in a limited number of categories depending on their nature. In each category the most material risk factors shall be mentioned first according to the issuer's assessment provided for in the second subparagraph.

6. WORKING CAPITAL STATEMENT

The issuer must state that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.

7. CAPITALIZATION AND INDEBTEDNESS

7.1 Provide the following capitalization and indebtedness table as of a date no earlier than 90 days prior to the date of the document.

Total Current debt.....
- Guaranteed.....
- Secured.....
- Unguaranteed/ Unsecured
 Total Non-Current debt (excluding current portion of long –term debt).....
- Guaranteed.....
- Secured.....
- Unguaranteed/ Unsecured
 Shareholder's equity:
a) Share capital.....
b) Legal Reserve.....
c) Other Reserves.....
 Total

7.2 Provide the following disclosure of Net indebtedness in the short term and in the medium-long term:

A. Cash.....
B. Cash equivalent (Detail).....
C. Trading securities
D. Liquidity (A) + (B)+(C).....
 E. Current Financial Receivable.....
F. Current Bank debt.....
G. Current portion of non current debt.....

- H. Other current financial debt.....
- I. Current Financial Debt (F)+(G)+(H)
- J. Net Current Financial Indebtedness (I)-(E)-(D).....
- K. Non current Bank loans.....
- L. Bonds Issued.....
- M. Other non current loans.....
- N. Non current Financial Indebtedness (K)+(L)+(M).....
- O. Net Financial Indebtedness (J)+(N).....

8. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Describe any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.

9. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING

- 9.1 Describe the type and the class of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number) or other such security identification code.
- 9.2 Currency of the securities issue, denomination, par value, the number of securities issued, the term of the securities.
- 9.3 Describe the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights:
- Dividend rights;
 - Voting rights;
 - Pre-emption rights in offers for subscription of securities of the same class;
 - Right to share in the issuer's profits;
 - Rights to share in any surplus in the event of liquidation. Redemption provisions;
 - Conversion provisions.
- 9.4 The expected issue date of the securities.
- 9.5 Where applicable, the dividend or payout policy.
- 9.6 A description of any restrictions on the free transferability of the securities

10. TERMS AND CONDITIONS OF THE OFFER

10.1 Describe conditions, offer statistics, expected timetable and action required to apply for the offer

- Describe conditions to which the offer is subject.

- Provide the total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.
- Provide the time period, including any possible amendments, during which the offer will be open and description of the application process.
- Indicate when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.
- Describe the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.
- Provide details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).
- Indicate the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.
- Describe the method and time limits for paying up the securities and for delivery of the securities.
- Provide a full description of the manner and date in which results of the offer are to be made public.
- Explain the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

10.2 Plan of distribution and allotment

- The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
- To the extent known to the issuer, provide any indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.
- Pre-allotment Disclosure:
 - a) The division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches;
 - b) The conditions under which the claw-back may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches;
 - c) The allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches;
 - d) A description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups.
 - e) Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;
 - f) A target minimum individual allotment if any within the retail tranche;
 - g) The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest;
 - h) Whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.

- Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.
- Over-allotment and “green shoe”:
 - a) The existence and size of any over-allotment facility and/or 'green shoe'.
 - b) The existence period of the over-allotment facility and/or 'green shoe'.
 - c) Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.

10.3 Pricing

- Provide an indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities. Indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of any expenses and taxes specifically charged to the subscriber or purchaser.
- Describe the process for the disclosure of the offer price.
- If the issuer’s equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indicate the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.
- Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.

10.4 Placing and Underwriting

- Provide the name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.
- Provide the name and address of any paying agents and depository agents in each country.
- Provide the name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.
- Explain when the underwriting agreement has been or will be reached.

11. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

- 11.1 Indicate as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.

- 11.2 Describe for all the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.
- 11.3 If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.
- 11.4 Provide details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.
- 11.5 Stabilization: where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilizing activities may be entered into in connection with an offer:
- The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time,
 - The beginning and the end of the period during which stabilization may occur,
 - The identity of the stabilization manager for each relevant jurisdiction unless this is not known at the time of publication,
 - The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail.

12. SELLING SECURITIES HOLDERS

Where applicable:

- 12.1 Provide the name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates
- 12.2 Provide the number and class of securities being offered by each of the selling security holders.
- 12.3 Describe lock-up agreements
- The parties involved.
 - Content and exceptions of the agreement.
 - Indication of the period of the lock up

13. ADDITIONAL INFORMATION

- 13.1 If advisors connected with an issue are mentioned in the Securities Note, provide a statement of the capacity in which the advisors have acted.
- 13.2 An indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.
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14. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

- Where a statement or report attributed to a person as an expert is included in the prospectus, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the prospectus.
- Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.