The EU Listing Act amends the Prospectus Regulation and the Market Abuse Regulation: Key takeaways for listed companies and companies contemplating IPOs

*On 8 October 2024, the Council of the European Union officially adopted the EU Listing Act, a legislative package adopted to make EU capital markets more attractive for companies and to facilitate access to capital for small and medium-sized enterprises (SMEs) (the "**Listing Act**").*

1. Key takeaways

- Generally, amendments to the Prospectus Regulation and the Market Abuse Regulation ("**MAR**") will enter into force on 4 December 2024. However, many of the amendments will only be applicable after a 15- or 18-month transitional period, i.e. as of 5 March or 5 June 2026, and will be further specified and clarified in delegated acts and guidelines. Certain amendments are also subject to national discretion.
- Key changes to the MAR include a change in the disclosure obligation of so-called protracted processes and delayed disclosure of inside information, broader exemptions for transactions executed by persons discharging managerial responsibilities ("**PDMRs**") during closed periods and an increase of the notification threshold for PDMR transactions. Additional changes are made to clarify the safe harbor nature of the market sounding regime, and to reporting of share buy-backs. The key amendments apply as follows:
    - the PDMR notification threshold is raised to EUR 20,000 per year – applied as of 4 December 2024;
    - broader exemptions for PDMR transactions executed during closed periods – applied as of 4 December 2024;
    - changes to the reporting obligation of share buy-backs – applied as of 4 December 2024;
    - clarifications to the safe harbor nature of the market sounding regime – applied as of 4 December 2024; and
    - the abolition of the requirement for issuers to disclose inside information related to intermediate steps of a protracted process, provided that such intermediate steps remain confidential – applied as of 5 June 2026.
- Amendments to the Prospectus Regulation impacting both IPOs and secondary issuances of securities. The Listing Act provides for new exemptions and expands existing exemptions to prospectus requirements. The key amendments apply as follows:
    - expansion of the secondary issuance exemption to both public offers and admission to trading and increasing the applicable threshold from 20 % to 30 % of the same kind of securities as already listed – applied as of 4 December 2024;
    - new exemptions for i) listings of securities of the same kind as already listed on a regulated market for at least 18 months, and ii) public offerings of securities of the same kind as already listed on a regulated market or an SME Growth Market for at least 18 months preceding the offer of the new securities, provided that certain conditions are met – applied as of 4 December 2024; and
    - higher EUR 12 million (or EUR 5 million) threshold for public offers triggering the obligation to prepare a prospectus during the 12-month period preceding the offer – applied as of 5 June 2026.
- In addition, amendments to the Prospectus Regulation include a shortening of the IPO offer period, introduction of new prospectus formats (the EU Follow-on prospectus and EU Growth Issuance Prospectus), standardization of prospectus disclosure, and introduction of a maximum page limit for equity prospectuses. Such key amendments apply as follows:

- minimum IPO offer period is shortened from six (6) to three (3) working days – applied as of 4 December 2024;
- the EU Follow-on prospectus and EU Growth Issuance Prospectus replace the previous simplified prospectus and EU Growth Prospectus regimes – applied as of 5 March 2026; and
- standardized format and sequence of full prospectus and its summary as well as 300-page limit for standard equity prospectuses and related exemptions – applied as of 5 June 2026.

2. Key practical considerations

Changes to the MAR and the Prospectus Regulation are expected to have a positive impact on Finnish and Swedish listed companies as well as companies considering an IPO. The Listing Act alleviates some of the compliance burden and enhances legal clarity. Furthermore, several of the legislative amendments are estimated to imply cost-savings for companies in connection with raising equity financing. New and broader exemptions and simplified requirements for issuers and SMEs will mean that fewer transactions will require a full standard prospectus.

In many respects, the practical implications of e.g., standardized formats, sequencing and disclosure requirements applicable to different prospectus types remain to be seen once the Commission delegated regulations and ESMA guidelines on comprehensibility and plain language are published.

However, some practical implications should already be considered, which have been summarized below. We are happy to discuss these matters in further detail and assist listed companies considering what actions should be undertaken with respect to their current internal policies and procedures, as well as companies contemplating an IPO in preparing their own listed company-compliant governance documentation and procedures.

Matters to be considered in preparing IPO and other share prospectuses:

- The standardized format and sequencing as well as limited lengths of the new prospectuses may enable more efficient and less costly preparation processes. However, the more restricted formats will highlight the importance of companies and their advisors focusing on only the most material information, and to prevent redundant or marginally relevant information from excessively expanding prospectus disclosures and making the contents of the prospectus relevant for investors.
    - Any pre-marketing materials or other communications by or on behalf of the company preceding an IPO or other offer of securities should consider what information is relevant and capable of being included in the prospectus. This should be adequately addressed e.g., in publicity guidelines prepared for the transaction by the company's legal advisor.
    - The more detailed requirements on e.g. plain language and comprehensibility may result in increased scrutiny by regulators reviewing and approving prospectuses. This should be considered by companies and all advisors participating in the drafting process for prospectuses and marketing materials for offers, to ensure a smooth prospectus review and approval process.
- The shorter and more condensed EU Growth Issuance Prospectus compared to the current will provide a more cost-effective way for SMEs and companies seeking a listing to the Nasdaq First North market or another SME Growth Market.

- Likewise, the shorter and more condensed EU Follow-on prospectus can entail cost savings and more efficient processes for listed companies in e.g., issuances of shares in connection with M&A transactions, as well as transferring their listing from an SME Growth Market to a regulated market.
- The potential ability to prepare prospectuses only in English without needing to streamline prospectus drafting processes, particularly in IPO processes. For further information on the prospectus language, please see below "*5. Key changes to the Prospectus Regulation – Prospectus language*".
    - However, some translation work may still be required for the prospectus summary, as well as possible marketing materials prepared in Finnish (which are customarily reviewed by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") in connection with Finnish IPOs).
- The shortening of the minimum length of the subscription from six (6) to three (3) working days will enable efficient book-building and faster closing of IPOs oversubscribed early in the subscription period.
- Companies that could benefit from the use of an EU Growth Issuance Prospectus or EU Follow-on prospectus may wish to consider the timing of listings, rights offerings or other share transactions, if they could fall close to the application of the new prospectus requirements (after 15 months of the Listing Act entering into force, i.e. as of 5 March 2026).
- The expansion of the prospectus exemptions for securities of the same kind as already listed securities will enable larger private placements, issuances of shares as consideration in M&A transactions and share conversions of debts and derivative instruments without a need to publish a prospectus.
    - For Finland, we note that listed companies should in their disclosures on secondary share issuances also consider the recent recommendation by the Finnish Securities Market Association on directed share issues.
- Non-listed growth companies with a need to obtain equity financing through successive financing rounds have broader opportunities to issue shares without a prospectus due to the 12-month offer threshold exemption being increased to EUR 12 million, and can utilize the shorter and more condensed EU Growth Issuance Prospectus for offers not exceeding EUR 50 million in the aggregate over 12 months.

Matters to be addressed in pre-IPO preparations as well as reviews and updates of listed companies' existing insider guidelines, disclosure policies and related internal policies and procedures:

- The changes to the prohibition of PDMR transactions during a closed period will alleviate previously quite restrictive exemptions, and could potentially enable closed period transactions based on predetermined trading programmes executed by independent brokers or asset managers.
    - However, companies and PDMRs should exercise caution in applying the exemptions, noting that the FIN-FSA has been active in its enforcement of the closed period trading prohibitions, and has recently imposed a penalty on a previous listed company Board member for violating the closed period transaction prohibition.
- The increase in the notification threshold for PDMR transactions will remove smaller transactions from the notification and disclosure obligations.

    - However, companies should ensure PDMRs are appropriately instructed about their obligations to ensure transactions are not inadvertently left unreported (e.g. due to several subsequent smaller transactions resulting in exceeding the notification threshold), noting that the FIN-FSA has been active in its enforcement of the obligations, and recently imposed penalties for late notifications.
- The removal of the individual MAR disclosure obligation and requirement to separately delay disclosure of inside information related to intermediate steps in a protracted process (while retaining its potential as inside information) and related confidentiality obligations generally moves the disclosure obligation to a later point in time, whereas MAR currently links the timing of the inside information arising and the related disclosure obligation.
    - For Finland, this represents a return to a set-up more closely resembling the pre-MAR regime, where decisions being prepared were not subject to a disclosure obligation, but could still constitute inside information subject to trading prohibitions and confidentiality obligations before the disclosure obligation arose.
    - In Sweden, similar rules to the current obligations in the MAR were in place regarding the disclosure of inside information relating to intermediate steps in a protracted process also prior to the MAR entering into force. However, the way the rules should have been applied was also at the time uncertain and subject to discussion.
- Companies should consider the amendment on intermediate steps in protracted processes in their insider management e.g. to large transactions constituting insider projects, and address the amendments in pre-IPO preparations and through reviews and updates of existing insider guidelines, disclosure policies and other related internal policies and procedures.

Please see sections 3-6 below for further information on the background of the Listing Act and the key amendments to the MAR and the Prospectus Regulation.

3. Background

The Listing Act legislative package aims to enhance legal clarity, address disproportionate disclosure requirements for issuers and increase the overall attractiveness of EU capital markets, while ensuring an appropriate level of investor protection and market integrity. The amendments are particularly intended to address burdensome disclosure requirements both in the pre-IPO and post-IPO phases, including by addressing listing obstacles from the length, complexity and high costs of the prospectus documentation.

The Listing Act legislative package introduces a new Directive on multiple-vote share structures and includes targeted amendments to:

- EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**");
- EU Regulation 596/2014 on market abuse (the "**MAR**"); and
- EU Directive 2014/65 on markets in financial instruments ("**MiFID II**") and EU Regulation 600/2014 on markets in financial instruments ("**MiFIR**").

In that context, (i) Regulation (EU) 2024/2809 (ii) Directive (EU) 2024/2810 (iii) Directive (EU) 2024/2811 were published in the Official Journal on 14 November 2024.

Directive (EU) 2024/2810 is intended to facilitate SME owners' access to market financing through listings, while allowing founders to retain certain control over the company. The Directive provides a minimum set of harmonization on multiple-vote share structures of companies listing on SME growth markets, while leaving flexibility to Member States for its implementation. Contrary to certain other countries, multiple-vote share structures are already permitted for and exist in certain Finnish and Swedish listed companies and therefore such directive is not expected to have a significant impact in Finland or Sweden.

Changes made to MiFID II include, among others, repealing the current Listing Directive (2001/34/EC), streamlining the listing process and decreasing the minimum threshold for shares in free float from 25% to 10%. Furthermore, MiFID II rules on investment research are amended and a new EU "code of conduct for issuer-sponsored research" is introduced to enhance independence and objectivity.

The most material amendments to the MAR and the Prospectus Regulation are summarized below.

4. Key changes to the Market Abuse Regulation

Public disclosure and delayed disclosure of inside information

The Listing Act acknowledges that information disclosed at a very early stage that is of a preliminary nature might mislead investors, rather than contribute to efficient price formation and addressing information asymmetry.

Consequently, the Listing Act removes the obligation to disclose inside information regarding intermediate steps in a protracted process (such as a large merger). In practice, this means that in the case of a protracted process that is intended to bring about, or that results in, particular circumstances/events, intermediate steps (e.g. intentions, ongoing negotiations or their progress) no longer need to be disclosed until the process has been finalized (e.g. once the core conditions of an agreement have been agreed upon). Therefore, there will be no individual requirement to apply the procedure of delayed disclosure in relation to such intermediate steps.

Companies are only required to disclose the inside information relating to the final event/circumstances. However, the confidentiality obligation and prohibition of insider dealing still apply as soon as the inside information arises, and also apply to intermediate steps that individually qualify as inside information. Therefore, it remains important for issuers to analyze whether a specific step in a protracted process constitutes inside information. It is important to note that the changes only affect announcements disclosing inside information to the public. Thus, if the issuer comes into possession of inside information during an intermediate step, it must still create an insider list, prohibit dealings by insiders and take the other usual measures around inside information in safeguarding the confidentiality of such inside information.

This amendment is applied after 18 months of the Listing Act entering into force, and the European Commission will within that time period adopt a delegated act, including a non-exhaustive list of exemplifying final circumstances/events in protracted processes triggering the disclosure obligation and their timing.

Furthermore, the Listing Act amends one of the three conditions for delayed disclosure, preventing issuers from delaying disclosure of inside information if such information is in contrast with the latest public announcement or other type of communication by the issuer on the same matter. The

current general condition that the delay of disclosure is not likely to mislead the public is replaced with a more specific condition that the inside information is not in contrast with the latest public announcement or other type of communication by the company on the same matter.

This essentially introduces the position stated in ESMA's guidelines on delay in the disclosure of inside information directly into the MAR. It is particularly relevant for companies when considering e.g., whether a profit warning needs to be published due to a company's estimate that its development deviates significantly from that which can be reasonably inferred from previously published information (see e.g., FIN-FSA Market Newsletter 2/2022). The European Commission will further adopt a delegated act with a non-exhaustive list of situations in which the inside information is in contrast with the company's latest public announcement or other types of communication.

Market soundings

Market sounding comprises the communication of information (potentially including inside information) prior to the announcement of a transaction to gauge the interest of potential investors in a transaction and its conditions. The MAR provides a safe harbor, whereby market participants following market sounding procedures when disclosing inside information to potential investors are protected from allegations of unlawful disclosure.

The Listing Act clarifies that the market sounding regime is an optional safe harbor and not a mandatory set of rules and procedures that must be observed in any situation that qualifies as a market sounding. Disclosing market participants can choose whether or not to comply with the information and record-keeping requirements of the market sounding regime when gauging market interest. By doing so, they will benefit from the statutory safe harbor.

However, even if they opt not to, they will still be able to demonstrate that the market sounding was carried out in the course of the normal exercise of a person’s employment, profession or duties, and will thus not be presumed to have committed an unlawful disclosure of inside information. It is in all cases mandatory to specifically consider and record the conclusions and reasoning for whether the market sounding will involve the disclosure of inside information, which shall be provided to the FIN-FSA or the Swedish Financial Supervisory Authority (the "**SFSA**") upon request. The recipient of the information must also be notified when the information ceases to be inside information, although the Listing Act specifies that no separate notification is required when the information has been publicly announced.

Furthermore, the Listing Act expands the market sounding regime to also cover communications not followed by any specific announcement of a transaction.

Exemptions for PDMR transactions executed during a closed period

The Listing Act expands the scope of transactions potentially exempted from the trading prohibition during the 30-calendar day period preceding publication of financial reports (closed periods). Other transactions than "trades" and other financial instruments than shares will be included in the scope of potential exemptions, including in the context of employee schemes and qualifications/entitlements (such as options or other derivatives).

The Listing Act also states that companies shall allow their PDMRs to trade or make transactions during a closed period where the transactions:

- do not relate to active investment decisions by the PDMR ("passive" transactions such as gifts, inheritances, donations or transactions by a third-party asset manager under a discretionary asset management mandate);
- result exclusively from external factors or actions of third parties; or
- are based on predetermined terms (such as irrevocable arrangements entered into outside of closed periods).

This is a welcome change addressing transaction prohibitions that have previously resulted in quite excessive and impractical restrictions where transactions are duly authorised by corporate actions not implying advantageous treatment, or otherwise involve no risk of a PDMR benefitting from an informational advantage due to e.g. possession of inside information.

However, companies and PDMRs should still exercise caution in executing transactions during a closed period due to the potential public impression of utilizing informational advantages in transactions conducted close to the publication of a financial report.

Increased notification threshold for PDMR transactions

The Listing Act also raises the threshold to notify the issuer and the FIN-FSA in Finland and the SFSA in Sweden of transactions conducted by PDMR and closely associated persons ("**CAPs**") from EUR 5,000 to EUR 20,000 per year, subject to certain discretionary choices by such national competent authorities. In Finland, the FIN-FSA has considered that there are no specific market conditions in the Finnish market that would justify lowering or raising the threshold. Accordingly, the FIN-FSA has decided to apply the EUR 20,000 threshold. In Sweden, the SFSA has decided to apply the EUR 20,000 threshold at least until the end of 2024. During 2025, the SFSA will evaluate if the threshold is appropriate and amend the threshold thereafter if considered necessary. The amendment lightens the regulatory burden of listed companies, PDMRs as well as CAPs in Finland and Sweden.

Safe harbor for share buy-back programs

The MAR includes a safe harbor for buy-back programs, which are recognized not to be insider dealing or market manipulation if the conditions of the safe harbor are complied with. To benefit from this safe harbor, issuers must comply with specific reporting obligations.

To limit the current cumbersome reporting obligations with respect to buy-back programs, the Listing Act provides for transactions to be reported only to the competent authority of the most relevant market in terms of liquidity of the shares, and not all competent authorities of each trading venue. In addition, aggregated information (volume and weighted average price per day) needs to be disclosed to the public, instead of each individual transaction. Safe harbor trades should be reported to the FIN-FSA by the end of the seventh trading day following the execution date (i.e. issuer may, for instance, opt to report aggregated information in seven-day intervals).

However, it is important to note for Finnish issuers that the notification obligations set forth in the Nordic Main Market Rulebook for Issuers of Shares and Chapter 8, Section 2 of the Finnish Securities Markets Act (746/2012, as amended) will in addition remain in force in its current form, at least for the time being. According to the said act, the issuer must notify any transactions in its own shares to the operator of the regulated market on which its shares are traded. The notification shall be made before the beginning of the next trading day.

In Sweden, the reports are to be made, within seven days following the execution of the transaction, to the exchange of the regulated market where the shares are admitted to trading instead of to the SFSA. The SFSA has not yet taken a stance on whether this will be subject to any changes due to the Listing Act.

5. Key changes to the Prospectus Regulation

Exemptions from the obligation to publish a prospectus for already listed securities

The obligation to publish a prospectus applies both to public offerings and admissions to trading (listing) of securities. The Prospectus Regulation currently exempts listings of securities representing less than 20 % (calculated over a 12-month period) of the same kind as already listed on the same regulated market (Nasdaq Helsinki in Finland and Nasdaq Stockholm in Sweden) from the obligation to publish a prospectus, provided that the listing is not combined with an offer of securities to the public.

The Listing Act expands this exemption by:

- increasing the threshold from 20 % to 30 % (with the current corresponding exemption for share listings based on the conversion, exchange or exercise of other securities entitling to shares such as options or other derivatives aligned accordingly);
- introducing a corresponding exemption to public offers of securities to be listed of the same kind as already listed on the same market (enabling the combination of a public offer and listing under the exemption); and
- making it applicable also to public offers of securities listed on an SME Growth Market (such as Nasdaq First North Finland and Sweden, Spotlight Stock Market and Nordic MTF in Sweden).

The recitals of the Listing Act also clarify that the exemption should also be applicable to subscription rights representing the preferential right of existing shareholders to subscribe for the securities covered by the exemption, thus clarifying the potential use of the exemption in rights offerings of listed companies.

The Listing Act also introduces new exemptions for i) listings of securities of the same kind as already listed on a regulated market for at least 18 months, and ii) public offerings of securities of the same kind as already listed on a regulated market or an SME Growth Market for at least 18 months, provided that such securities are not issued in connection with a takeover by means of an exchange offer, a merger or a demerger. This exemption is not conditional upon the size of the offering or listing.

For the 30 % exemption for offers of securities to the public, and the exemption for offers to the public and listings where the securities have been listed for at least 18 months, the company may not be subject to an insolvency proceeding or restructuring (as defined in EU law). In addition, in most of the cases a new short-form document with a maximum length of 11 pages must be filed with (but does not need to be approved by) the FIN-FSA/SFSA (in Finnish or Swedish, or another language accepted by the FIN-FSA/SFSA) and simultaneously published.

Offer consideration threshold

The Member State discretion to set an exemption threshold for public offers of securities during a 12-month period anywhere between EUR 1 million and EUR 8 million will be removed. The Listing Act introduces a principal threshold of EUR 12 million over 12 months below which a prospectus is not required, provided that the offer does not need to be passported to other Member States (e.g. by virtue of having more than 150 retail shareholders or potential investors in another EEA country than the company's home country). However, Member States will have discretion to reduce that threshold from EUR 12 million to EUR 5 million. The Swedish legislator has previously taken a cautious approach when setting the exemption threshold, emphasizing the need for investor protection. The current threshold is set at only EUR 2.5 million and granted the legislator's previous concerns regarding a higher threshold, it seems unlikely that they will opt for a higher threshold than necessary. As no official stance has been made public, it remains to be seen what threshold will eventually be implemented in Finland and Sweden.

The Listing Act also clarifies the calculation of the offer threshold during the preceding 12 months that trigger the obligation to prepare a prospectus. The calculation shall include the total aggregated consideration of all ongoing offers and previous offers made within the 12 months preceding the start date of a new offer but shall exclude offers for which a prospectus was published or that were subject to another prospectus exemption. The total aggregated consideration shall include all types and classes of securities offered, whereas the FIN-FSA's current guidance states that the aggregated amount of offers is calculated separately for offers of shares and debt securities.

For offers below the 12-month offer consideration threshold, offers related to listings of an SME Growth Market may still be subject to an obligation to prepare a document required by the trading venue (such as a company description for the Nasdaq First North market). Members States are also allowed to require companies to publish a document containing information essentially equivalent to a prospectus summary. In Finland, offers of securities to the public over 12 months with an aggregate value exceeding EUR 1 million but falling below 8 million are subject to a requirement to publish and file a basic information document (*fi: perustietoasiakirja*) to the FIN-FSA, but does not require FIN-FSA approval. In Sweden, there are no such requirement for offers falling below the EUR 2.5 million threshold. It remains to be seen whether the basic information document requirements are amended accordingly or replaced by new requirements aligned with the prospectus summary.

Enhanced prospectus disclosure and standardization

The Listing Act provides for prospectuses to be prepared in a standardized format sequence. The Listing Act introduces a 300-page limit for prospectuses relating to equity securities. However, the page limit does not include the prospectus summary, information incorporated by reference or e.g. pro forma information concerning a complex financial history, significant financial commitments or significant gross changes. The page limit also does not apply to offers where an offer is simultaneously made to investors in a third country and the issuer would otherwise have to prepare several documents. This may be relevant e.g. for companies making offerings including a US private placements component, as certain specific disclosure requirements may have to be complied with to benefit from applicable exemptions from US registration requirements. The page limit is also not applicable to bond prospectuses, which will also have a different standardized format and sequence.

The specific standardized format (template, layout, font size and style requirements) and sequence of the information in the prospectus and its summary will apply after an 18-month transitional period, and be further specified in a delegated act by the European Commission.

In addition, ESMA shall develop guidelines on comprehensibility and on the use of plain language in prospectuses. We note that e.g. in the United States, the SEC has already in 1998 published a Plain English Handbook with useful tips to make prospectus disclosure more understandable and highlight important information for investors to make informed investment decisions. This more specific guidance is a welcome development, particularly in light of the fact that e.g. the FIN-FSA has already recently in its Market Newsletter 2/2024 noted that the quality of some prospectuses filed for its approval have not met the requirements for completeness, comprehensibility and consistency as set out in the Prospectus Regulation.

New EU Follow-on prospectus for secondary issuances and EU Growth Issuance Prospectus for SME markets

The Listing Act recognizes that the levels of disclosure of the current simplified prospectus (Article 14) for secondary issuances and the EU Growth Prospectus (Article 15) intended for SMEs are still too prescriptive, and too close to that of a standard prospectus to make a significant difference to a standard prospectus.

Accordingly, the Listing Act introduces a new EU Follow-on prospectus which permanently replaces the current simplified prospectus for secondary issuances. The EU Follow-on prospectus is available for issuers whose securities have been admitted to trading on a regulated market or SME growth market continuously for at least 18 months. The regime will apply to secondary issuances that do not fall under any exemption (e.g., where the above-mentioned 30 % exemption for previously listed shares does not apply), and be expanded to cover also other securities than equity.

The maximum length of an EU Follow-on prospectus for shares will be 50 pages (excluding the summary, information incorporated by reference and e.g., pro forma information). The EU Follow-on prospectus is also available to companies transitioning from an SME growth market to a regulated market, provided that their securities have been admitted to trading on an SME growth market continuously for at least the preceding 18 months. However, issuers having only non-equity securities admitted to trading will not be allowed to draw up an EU Follow-on prospectus for transitioning their listing of equity securities to a regulated market.

EU Follow-on prospectuses subject to the page limit (other than prospectuses for transfers from an SME Growth Market to a regulated market) will be subject to a shorter review and approval period of seven (7) working days instead of ten (10), provided that the FIN-FSA/SFSA is notified at least five (5) working days prior to the filing of the prospectus for review and approval.

The existing EU Growth prospectus will be renamed and revised into the EU Growth Issuance Prospectus. The EU Growth Issuance Prospectus requirements are intended to be light and make the listing documentation for SMEs even less complex and burdensome. The EU Growth Issuance Prospectus should be available for SMEs, issuers on SME growth markets, and small unlisted companies with securities offerings not exceeding EUR 50 million (previously EUR 20 million) over 12 months. An EU Growth issuance prospectus for shares will be subject to a maximum length of 75 pages (excluding the summary, information incorporated by reference and e.g., pro forma information).

The new EU Follow-on prospectus and EU Growth Issuance Prospectus will be available after 15 months of the Listing Act entering into force, and their detailed content and format will be defined in a delegated act adopted by the European Commission. Simplified prospectuses and EU Growth Prospectuses approved before this will be subject to the current requirements in the Prospectus Regulation until the end of the validity of the prospectuses.

Prospectus language

Under the current regime, the FIN-FSA and the SFSA have approved the preparation of share prospectuses in English on a case-by-case basis only in quite limited situations where e.g. the issuer has been non-Finnish/non-Swedish or where the issuance has been directed primarily towards non-Finnish/non-Swedish investors (e.g. in cross-border mergers).

The Listing Act introduces the general possibility for issuers to draw up the prospectus only in English at their discretion (although a Finnish/Swedish language translation of the summary may still be required) and to publish it in an electronic format only, with investors no longer being entitled to request paper copies. As the Listing Act leaves an option for Member States to still require a prospectus in a language accepted by the competent authority of that Member State, it remains to be seen whether the FIN-FSA and/or the SFSA will continue to require prospectuses in Finnish/Swedish.

Changes to the presentation of risk factors

The Prospectus Regulation currently requires risk factors to be ranked so that the most material risk factors shall be mentioned first in each category. The Listing Act replaces this with a requirement to list the most material risk factors in each risk category in a manner which is consistent with the assessment undertaken by the issuer of their materiality based on the probability of their occurrence and the expected magnitude of their negative impact. In addition, the Listing Act clarifies that the prospectus shall not contain risk factors that are generic, only serve as disclaimers, or could conceal specific risk factors of which investors should be aware. Where applicable, the prospectus summary should include a statement that environmental issues have been identified as a material risk factor.

As these amendments are technical and largely consistent with ESMA's guidelines on risk factors under the Prospectus Regulation, it is unlikely that they would materially change the presentation of risk factors in prospectuses.

Prospectus sustainability disclosures

Due to the growing importance of sustainability considerations in investment decisions, investors are increasingly considering ESG matters in their investment decisions. In addition, the sustainability reporting obligations arising from Regulation (EU) 2020/852 (the "**Taxonomy Regulation**") and Directive (EU) 2022/2464 (the "**Corporate Sustainability Reporting Directive**" or the "**CSRD**") have entailed increased and more detailed disclosure requirements for listed companies concerning sustainability factors. Even before these requirements, sustainability factors have increasingly been making their way into prospectus disclosures, which has previously prompted ESMA to provide guidance on presenting necessary and sustainability information to enable informed assessments by investors.

To this end, the Listing Act introduces sustainability-related disclosures for issuers of equity securities who are required to publish sustainability information and reports under the Taxonomy Regulation and the CSRD. Issuers should incorporate their management reports, including sustainability reporting, into the prospectus for the financial periods covered in the prospectus. The prospectus summary must also include a statement on whether the issuer's activities are associated with economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation. It can also be expected that the delegated act to be adopted by the European Commission on the specific revised prospectus contents will include more detailed information on prospectus sustainability disclosures consistent with the statutory reporting requirements.

Shorter minimum offer period, but longer withdrawal period in case of supplements

In addition to the above, other changes to public offerings include, among others, shortening the minimum offer period from six (6) to three (3) working days for IPOs of a class of shares admitted to trading on a regulated market for the first time. This will provide increased flexibility by facilitating swift book-building processes in IPOs.

The current right of investors to withdraw from the offer in case a supplement to the prospectus is published due to a significant new factor, material mistake or material inaccuracy is extended from two (2) to three (3) working days.

6. Entry into force and next steps

Generally, amendments to the MAR and the Prospectus Regulation will enter into force on 4 December 2024, the 20th day following publication in the EU's Official Journal. These amendments include:

- MAR:
  - the PDMR notification threshold raised to EUR 20,000 per year;
  - broader exemptions for PDMR transactions executed during closed periods;
  - changes to the reporting obligations of share buy-backs;
  - changes to clarify the safe harbor nature of the market sounding regime;

- Prospectus Regulation:
  - expansion of the secondary issuance exemption to both public offers and admission to trading and increasing the applicable threshold from 20 % to 30 % of the same kind of securities as already listed;
  - new exemptions for i) listings of securities of the same kind as already listed on a regulated market for at least 18 months, and ii) public offerings of securities of the same kind as already listed on a regulated market or an SME Growth Market for at least 18 months preceding the offer of the new securities, provided that certain conditions are met;
  - changes relating to the presentation of risk factors in categories;
  - clarification on calculating public offers during the 12-month period preceding a public offer of securities; and
  - changes to the information a Member State can require for offers below the 12-month offer consideration threshold, aligned with the content requirements of a prospectus summary.

However, some of the amendments will only be applicable after a 15- or 18-month transitional period as follows:

Applied as of 5 March 2026:

- Prospectus Regulation:
  - Amendments whereby the EU Follow-on prospectus and EU Growth Issuance Prospectus replace the previous simplified prospectus and EU Growth Prospectus, including their maximum page limits (format and sequence to be clarified through a European Commission delegated act);

Applied as of 5 June 2026:

- MAR:
  - Intermediate steps in a protracted process not being subject to a disclosure obligation or a requirement to delay disclosure (to be clarified through a European Commission delegated act with non-exhaustive examples);
  - Incorporation of previous ESMA guidance on situations where delayed disclosure of inside information might mislead the public due to the company's previous announcements or other communications (to be clarified through a European Commission delegated act with non-exhaustive examples);

- Prospectus Regulation:
  - Higher EUR 12 million (or EUR 5 million) threshold for public offers triggering the obligation to prepare a prospectus during the 12-month period preceding the offer;
  - Standardized format and sequence of full prospectus and its summary (including presentation of sustainability factors and reporting) as well as a 300-page limit for standard equity prospectuses and related exemptions (format and sequence to be clarified through a European Commission delegated act).

Amendments to the Prospectus Regulation and the MAR will be directly applicable in Member States and do not require national implementation (save for with respect to certain optionalities presented below). Member States will have 18 months from the date of entry into force to implement the changes to MiFID II into national legislation and two years to transpose the directive on multiple-vote shares into national legislation.

Member State Optionalities

The Listing Act leaves some room for national discretion in applying the Listing Act amendments. In Finland and Sweden, the following matters, among others, are still pending national guidance:

- **Threshold for exemption to publish a prospectus:** potential adoption a lower prospectus exemption threshold of EUR 5 million;
- **Language requirement:** potential requirement to draw up a prospectus in a language accepted by the FIN-FSA/SFSA; and
- **PDMR transactions:** potential increase of the threshold for notifiable PDMR transactions to EUR 50,000 or decrease to EUR 10,000 in Sweden, depending on the outcome of the SFSA's assessment during 2025 of the suitability of the EUR 20,000 threshold.

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