



## EUROPEAN COMMISSION

*Brussels, 22.1.2021  
C(2021) 457 final*

*Dear Chair,*

*The Commission would like to thank the Assembleia da República for its Opinion on the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2017/1129 as regards the EU Recovery Prospectus, and specific adjustments for financial intermediaries in order to contribute to the recovery from the COVID-19 pandemic {COM(2020) 281 final}.*

*The proposal published in July 2020 formed part of the Capital Markets Recovery Package ('CMRP'), a broader package of measures designed to enhance the role capital markets can play in the recovery in the aftermath of the crisis resulting from the COVID-19 pandemic. The CMRP aims to facilitate and increase investments in and lending to the real economy, as well as to facilitate for a rapid recapitalisation of companies.*

*On 10 December 2020, the European Parliament and the Council reached an agreement on these important amendments to the Prospectus Regulation. In particular, the amendments to the Prospectus Regulation create the temporary "EU Recovery Prospectus", a short form simplified prospectus intended to facilitate the recapitalisation of companies affected by the economic shock caused by the coronavirus pandemic. The simplified Recovery Prospectus will bear several advantages for issuers, investors and authorities as regards its production, readability and scrutiny (by competent authorities). It will only be available for share issuances and for issuers previously listed on an exchange or a growth market for at least 18 months. The Recovery Prospectus will enable companies to issue capital more easily, therefore reducing their debt-to-equity ratios, and helping them to stay solvent and become more resilient.*

*Furthermore, the prospectus reform seeks to relieve pressure on financial intermediaries that play an essential role in financing the recovery of the real economy. It includes a temporary increase in the threshold (from EUR 75 to 150 million annually) beneath which small and medium sized credit institutions can raise debt without a prospectus. It also clarifies the legal regime when financial intermediaries have to notify prospectus "supplements" (information updates) to investors in case of new issuances.*

*Mr Luis CAPOULAS SANTOS  
Chair of the European Affairs Committee  
of the Assembleia da República  
Palácio de S. Bento  
P – 1249-068 LISBOA*

*cc. Mr Eduardo FERRO RODRIGUES  
President  
of the Assembleia da República  
Palácio de S. Bento  
P – 1249-068 LISBOA*

*The Commission is pleased that the Assembleia da República concludes in its opinion that this initiative complies with the principle of subsidiarity and proportionality. However, the Commission notes the doubts of the Assembleia da República relating to the value of a prospectus in particular and the regulation of financial markets in general. The Commission is pleased to have this opportunity to provide a number of clarifications.*

*The prospectus is the gateway to capital markets for many companies and aims to help investors decide whether to invest in the securities offered by those companies. However, the Commission takes note of concerns that prospectuses are usually extremely long documents, which are costly to produce for companies issuing securities, especially for smaller ones. For this reason, the Prospectus Regulation exempted small offers of securities of less than € 1 million and allowed Member States to exempt offers up to € 8 million. Furthermore, the Prospectus Regulation introduced a new simplified prospectus for secondary issuances and a light prospectus for SMEs (the EU Growth prospectus). The amendments to the Prospectus Regulation that create an EU Recovery Prospectus goes a step further in alleviating prospectuses to help companies recapitalise and recover from the Covid-19 pandemic, while maintaining high standards of investor protection. The Commission duly takes note of the suggestion that the EU Recovery Prospectus should not be a temporary measure but a permanent one.*

*The Commission also takes note of your more general concerns about the efficient functioning of capital markets and the importance of reducing the heavy dependence of companies on bank lending and improving investor confidence. In this regard, we would like to recall that the Commission intends to tackle such issues through the measures announced in the new Capital Markets Union (CMU) Action Plan, published on 24 September 2020. As part of this plan, the Commission put forward 16 targeted actions to (i) support a green, digital, inclusive and resilient economic recovery by making financing more accessible to European companies, (ii) make the EU an even safer place for individuals to save and invest long-term, and (iii) integrate national capital markets into a genuine single market.*

*The Commission believes that the political dialogue with national Parliaments is essential for linking the institutions and the citizens of the European Union, and looks forward to continuing this dialogue with the Assembleia da República in the future.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*

*Mairead McGuinness  
Member of the Commission*