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ADVICE TO ESMA

SMSG Response to the Public Consultation on Prospectus Regulation Level 2

I. Executive summary

The SMSG welcomes the new Prospectus Regulation and seeks with its advice to ESMA to ensure that the overarching goals of the regulation are reflected and developed in level 2 of the dossier.

We also welcome the opportunity to respond to the Consultation on the technical advice. The SMSG is of the view that the draft technical advice succeeds in realigning the technical requirements to the goals set out in level 1 while achieving the necessary continuity in the interest of supervision and practitioners. The proposals are well argued and ESMA provides convincing justification in its Technical Advices. The SMSG specifically notes with satisfaction that while the focus of the work stream on SME Growth prospectus is on simplifying disclosure requirements in proportion with the smaller scale of SME securities issuance and generally simpler operations and ensuring easier access to capital for smaller companies, ESMA has balanced this objective against the needs of investor protection and ensuring investors are presented with relevant and material facts to enable them to make informed investment decisions.

On a more detailed scale, some issues have been identified where improvements can still be made. We think that the prospectus should follow a given structure with a prominent placement for risk factors to help investors gaining a quick overview over the issuance. On the other hand we believe that, within the sections, rules on the contents shouldn't be overly prescriptive and formalistic to ensure enough flexibility vis-à- vis the differences in the business models of the issuer as well as differences of the issuance. Also, while standardization as such is helpful for everyone involved, there are some striking differences between equity and non-equity issuances which require to be taken into account. This applies specifically to the question whether it should be required that profit forecasts are accompanied by an accountant's or auditor's report to ensure their reliability even further. Further, we would like to point out that the proposals concerning information on non-listed underlyings will give rise to legal uncertainties which could prevent issuances affected from being issued at all in the future. With regard to the nature of a prospectus as an information document, we are clearly against prospectus rules which could impinge on the companies operational structure as this would be the case if IFRS accounting would be prescribed.

II. Explanatory remarks

The SMSG welcomes the changes introduced by the Prospectus Regulation, the objective of which is to make it easier and more attractive to access the capital markets especially for small and medium enterprises while at the same time providing investors with information on issuers and financial instruments to help them making the right investment decision. Thus, the prospectus regulation is both, an important element of the Capital Market Union strategy to foster economic growth in the Union and one important factor in ensuring the right level of investor protection for retail and professional investors alike.

In view of the SMSG the overarching elements to ensure the political goals are already enshrined in Level 1 of the regulation. Level 2 mainly contains technical rules which should ensure that the principles of level 1 are respected and implemented in a practical and efficient way, serving both the interests of the issuers and the investors.

Issuers are interested in a documentation and process which is **focused, straightforward and without creating legal uncertainties. Only if administrative burdens** are avoided wherever possible and legal certainty is maintained, issuers will seek tapping the European Capital market and use the opportunities of diversified sources of financing. Regarding the swiftness of market conditions, timing is also a core issue for them. While a standardized approach is welcomed for practical matters, important differences in instruments must result in a **more flexible approach**. This applies with regard to different characteristics of the different forms of instruments, especially whether equity or non-equity instruments are to be described but also with regard to the information needs of retail investors on the one side and wholesale investors on the other.

Investors are in need of a clear and accessible documentation which is both readable and easy to understand as well as setting out all information necessary for the investment decision. The information for the investor must be reliable, of high quality and at the same time clear and transparent. These are key elements for creating demand on the markets and providing the capital needed to finance the European economy. Clearness and transparency require striking the right balance between ensuring that all necessary information is given while relevant information should not be buried in too much ancillary information contained in the documentation. This may require a differentiating approach when looking at the characteristics of certain instruments or when looking at the investor base targeted, especially between instruments which may be appropriate for retail investors and those which are fitting for the wholesale market only. When looking specifically at retail investors, it is to be noted that the information in the prospectus is backed up by other sources of information such as key investor information documents and advice if required by an investor. The new MiFID regime will not only focus on the point of sale but also require certain issuers to identify a target market and, by setting up product governance requirements, maintain a constant watch over the instruments once issued.

The Prospectus Directive gives special consideration to SME Growth markets as a venue for smaller companies to raise capital (Recital 24) in view of their contribution to the growth and job

creation in the wider economy as well as their less complex operation and smaller issuances. Therefore, the Directive provides for more limited disclosure requirements, zooming in on information that is both, relevant and material to investors in securities, offered by SMEs. Article 15 on "EU Growth Prospectus" specifies the high level principles of the "proportionate disclosure regime". In this vein, the EU growth prospectus should be designed in such a way that it alleviates requirements and avoids complexity. Especially smaller companies should be encouraged to tap the capital markets rather than being deterred by excessive costs to produce a prospectus. Simplified prospectus schedules will result in a win-win situation for both issuers and investors alike as they are less costly to produce whilst being more readable for investors.

With these cornerstones in mind, we can note that the draft technical advice on the whole fully succeeds in achieving the political objectives of level 1 while maintaining the necessary continuity in the legal framework the markets have used up to now. However, there are some issues where improvements can be made to optimize the results. Part III [and IV/to V] of our advice will concentrate on those issues rather than commenting the technical proposals of ESMA at length.

Forward looking, supervisory convergence should be fostered in order for the new regime to work. This is essential to avoid regulatory arbitrage, harmonise practices and ensure an efficient approval process which would, in turn, create a level playing field for companies wanting to raise capital. Enhanced supervisory convergence could be achieved via the promotion of best practices across jurisdictions to help reduce approval times and streamline burdensome processes.

Also, the prospectus framework, especially but in no way restricted to the Growth prospectus should also look closely to the work and upcoming final recommendations of the High-Level Expert Group on Sustainable Finance (HLEG) in order to drive forward efforts to holistic and consistently reorient the financial system so that it can support long-term, sustainable growth.

III. Public Consultation on format and content of the prospectus

Order of information in the prospectus

Q1: Do you agree with the proposal that cover notes be limited to 3 pages? If not, what do you consider to be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?
In para. 22 on page 16 ESMA proposes to make a cover note mandatory which should not exceed three pages in length. While agree that the regulation should reflect market practice, the approach should also be flexible. First of all, issuers should be free to decide whether a cover note should be part of the prospectus. Secondly, where a cover note is deemed necessary, the length of it should be guided by the principle that all information material for potential investors should be included in the document but also restricted to that. The cover note is he place for additional information on the issuance not to be found elsewhere and especially helps potential investors from other jurisdictions to understand if the offer is extended to them. The necessity of such information and

its depth depends on the individual circumstances. Therefore, we are not in favour of a prescriptive approach.

Q3: Should the location of risk factors in a prospectus be prescribed in legislation or should issuers be free to determine this? If it should be set out in legislation, what positioning would make it most meaningful?
While some favour that risks should be presented very prominently at the beginning, others would argue that, in order to understand the risks, the investor should already know about the underlying factors such as the strategy of the company and the details of the offer. It seems to us that both approaches have their merits. We do think however that ESMA should prescribe an order to ensure transparency and efficiency for investors and that the placing of risk factors should be prominent.

Question 4: Should the URD benefit from a more flexible order of information than a prospectus?

In the same spirit of our response to Q3 above, and that where it is consistent with this objective of transparency and efficiency, issuers should be able to make use of existing reference documentation so as to limit the cost of implementation of the URD requirements.

Q5: Would a standalone and prominent use of proceeds section be welcome for investors?
ESMA in para. 26 on page 17 considers clarity as to the use of proceeds to be of paramount importance for the investors. Specifically issuers should "endeavor" to give a precise breakdown of how funds will be employed. The SMSG thinks that issuers who are in search of general funding will not be able to fulfil such a requirement for a precise breakdown and would argue that in these cases, an indication that the issuance will serve general funding purposes should be sufficient to meet the investor's information needs. However, we can also see the risk that issuers could tend to switch to a general funding purpose whenever possible leaving investors with less information. Such behaviour strikes us as possibly being in conflict with the general principles of the prospectus being a reliable source of information and including all information relevant for an investment decision. Although we think that ESMA's wording ("endeavor") reflects that thinking, a more elaborate discussion of the different situations would be welcomed.

Q9: Do you agree that the scope of NCA approval should be included in the cover note? If not, please provide your reasoning.
ESMA proposes in para. 23 on page 16 clarity for the investor about the scope of NCA's approval. In the interest of the investors, we support such an approach.

Content of the share registration document

Q14: Do you agree with ESMA's proposal to require outstanding profit forecasts for both equity and non-equity issuance to be included? Do you agree with the deletion of the obligation to include an accountant's or an auditor's report for equity and retail non-equity? Please provide an estimate of the benefits for the issuers arising from the abovementioned proposals. Would these requirements significantly affect the informative value of the prospectus for investors?
ESMA proposes in para. 71 on page 35 to remove the requirement for the report of an auditor for profit estimates/forecasts. The SMSG understands the concern about costs, but this forward looking information is often regarded as particularly pertinent by investors in shares, enhances the information value and increases the reliability of the prospectus. An audit provides investors with an independent opinion on the accuracy of companies' information. As a result, audits contribute

to the orderly functioning of markets by improving the confidence in the integrity of financial statements – which has been one of the main goals of the recent audit reform. Having some form of third party oversight of these matters provides an important safeguard for investors and therefore, the SMSG considers that the benefits for investors outweigh the costs to issuers of producing such a report. We are not entirely convinced by the argument that the difficulty of finding auditors to sign off/the cost of such a sign off may deter issuers from including profit forecast/estimate information - and that this is a reason to remove the requirement. For non-equity issuances we propose to remove the requirement, see Q 30.

Q19: Do you agree with the lighter requirement in relation to replication of the issuer's M&A in the prospectus? Would this significantly affect the informative value of the prospectus for investors?
The SMSG does not agree with the proposal of ESMA to delete certain provisions of the M&A in the share registration document. While understanding that a pure duplication of information already included in the M&A may ease administrative burden for issuers, the SMSG considers that this does not outweigh the benefits for investors as the informative value of the prospectus would be reduced significantly. We would like to underline that the information ESMA proposes to delete in 21.2.2, 21.2.4, 21.2.5, 21.2.6 and 21.2.7 concerns basic investor rights and can be material for an investment decision. Such fundamental information should be kept in a condensed way in the share registration document to directly alert investors where an issuer deviates from local law. Even if a given deviation is already published in the M&A, investors (e.g. private investors or investors from abroad) may not be expected to be familiar with the legal basis under which the issuer is operating and where it deviates from it. The SMSG further notes that at least the information requested in 21.2.4 (conditions for change of rights of shareholders incl. indication where the conditions are more significant than legally required) and 21.2.7 (threshold for disclosure of ownership) are not regularly included in issuers' M&A's."

Content of the retail debt and derivatives registration document

Q30: Do you agree with the proposal to remove the requirement for profit forecasts and estimates to reported on? Would this significantly affect the informative value of the prospectus for investors?
In para. 120 on page 75 ESMA proposes the mandatory inclusion of profit forecasts and estimates in order to align the requirements for equity and retail debt. We think that there is a striking difference in the information needs of an investor in equity and one in debt. Whereas the equity investment may directly be affected by slighter changes in profits and their forecasts the debt investor (with the exception of convertible bonds) will have to look at material and adverse changes of the issuer's solvency only. In these cases, he will be duly informed by the Trend Information in the prospectus under item 8.1 of Annex 3. Therefore the proposed alignment overlooks substantial differences in equity and debt and is either unnecessary or amounts to unnecessary double information.

Content of the retail debt and derivatives securities note

Q43: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).
In para. 137, ESMA proposes to integrate the PRIIPS-KID into the body of the prospectus if the KID is used in the summary. The requirement as such is a consistent step, the starting position merits further consideration. At first sight, it seemed helpful to reduce the information volume for

the retail investor by integrating the KID. Practice however showed that this approach leads to significant difficulties. While the summary remains static, the KID is being updated on a regular basis, sometimes in very short periods of time. Diverging editions of a KID cannot be in the interest of clarity, transparency and legal certainty alike. Therefore issuers increasingly abstain from integrating the KID into the summary.

We would like to highlight that the re-categorization of some items of information from category B to category A) makes the inclusion of the pertinent information mandatory in the Base prospectus. This move has far-reaching effects as it could translate into a requirement for a Base prospectus for every legal format or instrument and, possibly, every type of underlying, each rank of subordination and so on. Such an outcome would make the issuance process via Base Prospectuses unmanageable and uneconomic and should be avoided.

Content of the derivative securities building block

Q 44: Do you consider it useful that use of proceeds of issuance under this annex should be disclosed when different from making a profit or hedging risk?
ESMA proposes in para. 145 and 146 that prospectuses for securities with an underlying should include information on all reference obligations. This would be of concern for both ABS structures and Credit-Linked Notes. Accordingly, the draft Technical Advice in 4.2.2. (ii) c) sets out that the prospectus should include either a reference to securities or reference obligations if those are admitted are listed on a regulated market or, in the case of non-listed underlyings, information relating to the issuer of the underlying as far as known or obtainable from the issuer of the underlying "as if it were the issuer". While it is in the interest of the investor to get hold of the necessary information to evaluate the underlying, it seems that a requirement to inform "as if it were the issuer" is too demanding. A third party is never able to verify the completeness of the information known to him.

The situation is aggravated by the fact that the information is currently expected to be included in category A, that is in the base prospectus at a very early point of time. Changes in the final terms would not be allowed. In practice, the underlyings of an issue are not always fully identified at that early point in time. All in all, such a demand would therefore lead to legal uncertainties which would prevent such instruments from being issued. European Capital Markets would lose this segment of instruments. We would propose to allow the inclusion of less detailed and more concentrated information on the issuer to be required at a later point of time.

Question 51: What is the overall impact of the proposed technical advice, especially in terms of costs to issuers and benefits to investors? If you have indicated that it will pose additional costs for issuers, please provide an estimate and indicate their different type (e.g. extra staff costs, advisor costs, etc.) and nature (one-off vs. ongoing costs).

As highlighted above in our response to Q44, the requirement to provide information relating to the underlying "as if it were the issuer" is very problematic (and potentially unmanageable) for issuances with a high number of multiple underlyings. In such cases a pragmatic solution could be to provide investors with links to external reference documentation on underlying securities rather than to include such information directly in the prospectus. This would also be consistent with ESMA's objective of avoiding unnecessary duplication of information. Consistently with this, where a single security represents less than 20% of a pool of underlyings, this information could be recategorised from B to C so as to avoid excessive duplication of the number of base prospectuses.

IV: Public Consultation on content and format of the EU Growth prospectus

General observations

In light of the political objectives to encourage access to capital markets for smaller and medium enterprises, the EU growth prospectus should be designed in such a way that it alleviates requirements and avoids complexity and unnecessary costs. Simplified prospectus schedules will result in a win-win situation for both issuers and investors alike as they are less costly to produce whilst being more readable for investors. We also note that the market expects less research being produced especially for smaller listed companies when MiFID II will come into force next year. This development makes it even more important that investors have a reliable and at the same time clear and readable information at hand.

Format of the EU Growth prospectus

Q1: Do you consider that specific sections should be inserted or removed from the registration document and / or the securities note of the EU Growth prospectus proposed in Article A? If so, please identify them and explain your reasoning, especially in terms of the costs and benefits implied.
The SMSG WG considers that sections of the registration document and the securities note of the EU Growth prospectus are well thought out and do not see the need to add or remove any. There are, however, views on a specific order of the section. While some favour that risks should be presented very prominent at the beginning, others would argue that, in order to understand the risks, the investor should already know about the underlying factors such as the strategy of the company and the details of the offer. It seems to us that both approaches have their merits. We do think however that ESMA should prescribe an order to ensure transparency and efficiency for investors which is identical to the order in the general prospectus.

Q2:Do you agree with the proposal to allow issuers to define the order of the information items within each section? Please elaborate on your response and provide examples. Can you please provide input on the potential trade-off between benefits for issuers coming from increased flexibility as opposed to further comparability for investors coming from increased standardization?
While we consider that sections should follow a prescribed order, we think that within a specific section issuers should be granted greater flexibility. As the order of the sections would be imposed and investors already have a standardized grid, the flexibility on the more detailed level would allow issuers to better highlight their distinctive characteristics and features and could make the prospectus even more comprehensible. Also, issuers should be free to include additional information if they deem it necessary and if the information is material to investors.

Q3: Given the location of risk factors in Annexes IV and V of the Prospectus Regulation, do you consider that this information is appropriately placed in the EU Growth prospectus? If not, please explain and provide alternative suggestions.
We think that it would be valuable for investors to find the risk factors prominently and at the same location to enable a quick digestion of the information.

Q4: Do you agree with the proposal that the cover note to the EU Growth prospectus should be limited to 3 pages? If not, please specify which would be an appropriate length limit for the cover note? Could you please explain your reasoning, especially in terms of the costs and benefits implied?

With respect to the general prospectus, we are in favour of a flexible approach (see above, III Q 1). As we can see no reason to be more prescriptive in the case of Growth Prospectuses, we would argue that ESMA should neither prescribe a Cover note nor set a page limit.

Content of the EU Growth prospectus

Q6: Do you agree with the proposal to introduce a single registration document that is applicable in the case of equity and non-equity issuances? If not, please provide your reasoning and alternative approach.
Differences in equity and non-equity issuances may require a differentiation, as we have pointed out in our explanatory remarks. In addition to that, it would be clearer if the Level 2 measures for registration documents for equity and non-equity issues were mandated separately. This would allow issuers to look at one set of requirements for each type of issue rather than reviewing a composite set of requirements and eliminating those that are not applicable. We also suggest that this would allow for an easier drafting by the issuers and a potentially faster review by the NCA.

Q7: Do you agree with the requirement to include in the EU Growth prospectus any published profit forecasts in the case of both equity and non-equity issuances without an obligation for a report by independent accountants or auditors? If not please elaborate on your reasoning. Please also provide an estimate of the additional costs involved in including a report by independent accountants or auditors.
In order to make direct capital market access more attractive for SMEs, the SMSG finds it reasonable to not require reports from independent accounts or auditors of profit forecasts at least for non-equity issuances. For equity issuances we would like to point out that there had been incidents in the past where unaudited forecasts had been misleading. We agree that this must be avoided for a Growth Market to meet investor's expectations of credibility and be successful in the longer run, but are not sure whether requiring an auditor's report to be included in the prospectus is the only way to ensure this. Legislators, regulators and operators of Growth segments are called upon to look at the issue. We point out that if ESMA is seeking to reduce the regulatory burden for profit forecasts , maintaining a similar requirement for pro forma financial information should be reconsidered and explained.

Q8 Do you consider that the requirement to provide information on the issuer's borrowing requirements and funding structure under disclosure item 2.1.1 of the EU Growth registration document should be provided by non-equity issuers too? If yes, please elaborate on your reasoning.
We consider that such information may also be relevant to non-equity issues as it could allow an evaluation of the solvency of the issuer. That said, such a requirement for non-equity issues could be restricted to material information only.

Q9 Do you think that the information required in relation to major shareholders is fit for purpose? In case you identify specific information items that should be included or removed please list them and provide examples. Please also provide an estimate of elaborating on the materiality of the cost to provide such information items.

We understand the importance of information on major shareholdings even if SME Growth Markets are not covered by the Transparency Directive. However, it remains unclear how holdings, specifically indirect holdings, are to be determined. Legal certainty for the issuer would require either a reference to the rules in the Transparency Directive or – in the interest of proportionality - a set of simpler rules on its own.

Q10 Do you agree that issuers should be able to include in the EU Growth prospectus financial statements which are prepared under national accounting standards? If not please state your reasoning. Please also provide an estimate of the additional costs involved in preparing financial statements under IFRS.
We support the proposal that IFRS is not made mandatory and that national accounting standards should be permitted. Especially smaller issuers will continue to use national accounting standards. Requiring IFRS would in our view bar those issuers from tapping the capital market.

Q13: Please indicate if further reduction or simplification of the disclosure requirements of the EU Growth registration document could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.
SMSG is generally of the view that further reduction or simplification of the disclosure requirements for the EU Growth prospectus is not necessary as any alleviation of costs of preparation for issuers is likely to be marginal while the information needs for investors is at a risk of not being fully met.
We consider however that ESMA should not mandate that companies should calculate KPIs – many small and mid-size companies do not routinely measure KPIs, instead just focus on the financials themselves (e.g. balance sheet). Companies in different stages of development should generally be free to decide what KPI they consider appropriate for their industry and their business model. However, if the issuer deviates from a common definition this should be clearly indicated and explained. This would also apply, if the issuer makes such adjustments over time. We therefore consider it appropriate to stipulate that any adjustments to KPIs including amendments to their definitions should be clearly indicated and explained.

Content of EU Growth securities note

Q15: Do you agree with the proposal to introduce a single securities note that is applicable in the case of equity and non-equity issuances? If not please provide your reasoning and alternative approach.
SMSG considers appropriate to introduce single securities note for both equity and non-equity issuances and finds the disclosure items included in the Technical advice fit for purpose. However, it could be appropriate to mandate the requirements for equity and non-equity separately. This would allow issuers to look at one set of requirements for each type of issue rather than reviewing a composite set of requirements and eliminating those that are not applicable. This would allow for easier drafting by the issuers and a potentially faster review by the NCA.

Q19: Please indicate if further reduction or simplification of the disclosure requirements of the securities note of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.
SMSG does not consider any further reduction or simplification of the disclosure requirements of the securities note for the EU Growth prospectus necessary or beneficial to SME issuers in significantly reducing preparation costs of the prospectus.

Summary of the EU Growth prospectus

Q20: Do you think that the presentation of the disclosure items in para 112 is fit for purpose for SMEs? If not, please elaborate and provide your suggestions for alternative ways of presenting the information items.

Q21: Given the reduced content of the summary of the EU Growth prospectus do you agree with the proposal to limit its length to a maximum of six A4 pages? If not please specify and provide your suggestions.
We think that the proposed reduction of the number of risk factors to 10 and the page limit of 6 is a too formalistic approach and could possibly lead to a cut off of important information. In any case, the requirement should not be different from the approach suggested for the general prospectus.

We don't think that a PRIIP can substitute a summary sufficiently. At first sight, it seems helpful to reduce the information volume for the retail investor by integrating the KID. Practice however showed that this approach leads to significant difficulties. While the summary remains static, the KID is being updated on a regular basis, sometimes in very short periods of time. Diverging editions of a KID cannot be in the interest of clarity, transparency and legal certainty alike. Therefore issuers increasingly abstain from integrating the KID into the summary.

Q22: Do you agree that the number of risk factors could be reduced to ten instead of 15? Do you think that in some cases it would be beneficial to allow the disclosure of 15 risk factors? If yes, please elaborate and provide examples. Please also provide a broad estimate of any benefits (e.g. in terms of reduced compliance costs) associated with the disclosure of a lower number of risk factors.
We are in agreement that the number of risk factors reflected in the summary could be reduced from 15 to ten. However, we believe that the emphasis should be on relevance and materiality of risk factors rather than on their number. In that respect we suggest to ESMA that the disclosure of 10 risk factors be considered a guideline rather than a strict requirement and issuers be given the flexibility to disclose fewer or up to 15 factors as the case may be.

Q23: Do you agree that SMEs are less likely to have their securities underwritten? If not, should there be specific disclosure on underwriting in the summary as set out in Article 7(8)(c)(ii) of the Prospectus Regulation?
We generally agree that normally a specific disclosure on underwriting in the summary should not be mandatory. However in minority cases where an underwriting arrangement is in place, we are in favour of including a disclosure in the summary along the lines of Article 7 (8)(c)(ii) of the Prospectus Regulation.

Q24 Do you agree with the content of the key financial information that is set out in the summary of the EU Growth prospectus? If not, please elaborate and provide examples.
We do not think that ESMA should be prescriptive on the line items that should be included, since different measures are important for different industries. By specifying certain measures there is the danger that issuers will default to just producing those, without addressing what might be appropriate for their particular industry.

Q25 Do you think condensed pro forma financial information should be disclosed in the summary of the EU Growth prospectus? Please state your views and explain. In addition, please provide an estimate of the additional costs associated with the disclosure of pro forma financial information in the summary compared to the additional benefit for investors from such disclosure
In order to keep the length of the summary and the costs involved for the issuer under control, we think that it would be appropriate and sufficient to include a reference that a pro forma information can be found in the prospectus.

Q28: Please indicate if further reduction or simplification of the disclosure requirements of the summary of the EU Growth prospectus could significantly impact on the cost of drawing up a prospectus. If applicable, please include examples and an estimate of the cost alleviation to issuers.

SMSG does not consider any further reduction or simplification of the disclosure requirements of the summary of the EU Growth prospectus necessary or beneficial to SME issuers in significantly reducing preparation costs of the prospectus.

This advice will be published on the Securities and Markets Stakeholder Group section of ESMA's website.

Adopted on 6 October 2017

[signed]

Ruediger Veil
Chair
Securities and Markets Stakeholder Group