

BETTER FINANCE responds to Feedback on reduced content and standardised format for two EU short-form prospectuses (EU Growth and Follow-on Prospectuses)

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Feedback to the European Commission

Feedback

BETTER FINANCE supports the EC's objective to operationalise the Listing Act with shorter, reduced-burden prospectuses. We acknowledge the proposal to align further the "Follow-on" and the "Growth prospectuses" with the sequence of the full prospectus. Yet, while we had favoured a more tailored and easier-to-comprehend 'narrative-led structure', we acknowledge the balanced approach intended to maintain a standardised-oriented sequence across all prospectus types to ensure comparability across documents for investors, provided vital information is clearly presented.

Adhering to the described sequence (where Risk Factors appear before the Strategy or Description of the Offer) may, however, create a document presenting technical warnings before the investor understands the grounds (the full narrative) of the investment proposition. While we note that Article 7 of Level 1 Regulation already requires the Summary to include the "Reasons for the Offer," we suggest the Commission include a Recital in its Delegated Act to emphasize the importance of this section (as the summary is the only 'retail-investor friendly' entry point where vital information and clarity is of utmost importance). Given the standardized sequence, the "Reasons for the Offer" in the Summary should truly serve as the primary "context anchor", articulating the Use of Proceeds clearly and avoiding 'boilerplate'. Eventually, we stress that Risk Factors shall be understood in their proper strategic context and encourage issuers to focus those risk factors on the specifics of the offer rather than generic 'business risks'.

As per the efficiency via Reference Regarding Financial Statements (Annex 30, Item 5.1.1), we recognise that the strict page limit (50 pages for Follow-on) makes the reproduction of full historical tables impractical. Therefore, full historical financial information should apply by reference in the body of the text to save space. We understand Article 19(2) of Regulation (EU) 2017/1129 to mandate for such incorporated documents to be accessible via hyperlinks – this requirement should be explicitly recalled to ensure immediate access for investors. This approach balances brevity with transparency, provided that the Article 7 Summary continues to mandate the inclusion of Key Financial Information (KPIs), ensuring the most critical solvency figures remain immediately visible as a summary overview at the start of the document.

Finally, on the EU Growth Issuance Prospectus (Annexe 34), we note the requirement to disclose "expectations for the future" and "future challenges" (Item 5.1.1). To prevent this section from becoming purely promotional or overly optimistic, we call for a provision requiring that any specific "future challenge" or strategic goal identified in the Strategy be clear and non-misleading, and also explicitly cross-referenced to a concrete entry towards the Risk Factors section. This linkage would ensure that forward-looking statements by SMEs are immediately grounded in the reality of execution risks.

About BETTER FINANCE

BETTER FINANCE — the European Federation of Investors and Financial Services Users — is the voice of European citizens as savers, investors, and financial users at the EU level. Working independently from the industry, BETTER FINANCE serves as an independent hub of financial expertise for the direct benefit of individual shareholders, investors, savers, life insurance policyholders, pension fund participants, and mortgage borrowers across Europe. Their work aims to promote research, information, and training on investments, savings, and personal finances to lawmakers and the public. BETTER FINANCE counts 40 independent, national, and international member organisations, sharing similar objectives from the EU Member States as well as Iceland, Norway, Turkey, Lebanon, and Cameroon.

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