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ESMA clarifies format for disclosure of Risk Factors in Prospectuses - Regulation (EU) 2017/1129

Background

The European Securities and Markets Authority (ESMA) has, on Friday 29th March 2019, published [Guidelines on Risk Factors](#) under [EU Prospectus Regulation \(EU\) 2017/1129](#) (the New Prospectus Regulation).

The guidelines come as a result of the [Consultation Paper](#) published by ESMA on 13th July 2018, which contained draft guidelines on risk factors which National Competent Authorities (NCAs) are to adopt in their review practices when scrutinising and approving prospectuses subsequent to the implementation of the New Prospectus Regulation.

The guidelines can be accessed through the following link: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1129&from=EN>

Scope

The guidelines are specifically addressed to the NCAs designated by each Member State and aim to assist NCAs in their review of the specificity, materiality and presentation of risk factors relating to the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

The guidelines aim to encourage more appropriate, focused and streamlined risk factor disclosures for securities, which is presented in an easy to analyse, concise and comprehensible form. Most significantly, by way of their review, NCAs are to ensure that any risk factors disclosed are specific, material and corroborated as per Article 16(1) of the New Prospectus Regulation.

Guidelines

The guidelines published by ESMA are divided into the following six main categories:

1. Guidelines on Specificity;
2. Guidelines on Materiality;
3. Guidelines on Corroboration of Materiality and Specificity;
4. Guidelines on Presentation of Risk Factors across Categories;
5. Guidelines on Focused/Concise Risk Factors; and
6. Guidelines on Risk Factors in the Summary.

The final guidelines shall be translated to the official European Union languages and will be published on EMSA's website. They shall subsequently come into force two months from such publication date.

Contacts

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