

## Fast track to London for Israeli issuers

On 23 March 2011, the European Securities and Markets Authority (ESMA) published a framework for third country share prospectuses, which sets out how third country issuers can meet the requirements of the Prospectus Directive. The framework allows prospectuses from non-EU countries, drawn up in accordance with third country legislation, to have a 'wrap' added, so that the resulting document meets the requirements of the Directive.

At the same time, ESMA announced that it considers that a prospectus drawn up in accordance with Israeli laws and regulations, together with a wrap containing a number of supplementary disclosures, can constitute a valid prospectus under the Prospectus Directive, and that Israeli issuers may use such prospectuses in connection with an application for admission of shares to trading on any EU regulated market.

### The new framework

ESMA has published a framework by which a prospectus approved under third country legislation can be accepted as a compliant prospectus under the Prospectus Directive regime. However, it appears that, for now at least, this framework only applies to prospectuses prepared in connection with an offer or application for admission to trading of shares.

### The "wrap" approach

The framework allows for a "wrap" to be added to a prospectus prepared under the third country legislation. The wrap will include all such information required by the Prospectus Directive which is not already in the prospectus.

ESMA has categorised the disclosure requirements set out in Annexes I, II and III of the Prospectus Directive Regulation (i.e. those relating to shares) as either Category A or Category B:

- Category A information must be replicated in the prospectus in exactly the same format as required by the Directive and accordingly, such information is likely to be included in the wrap.
- Category B information must be included in the prospectus but need not be in the same format as that required by the Directive i.e. ESMA accepts that alternative ways of disclosure are acceptable, however if Category B information is not included in any format in the prospectus it must be included in the wrap.

Additionally ESMA will only allow the framework to be used where it is satisfied as to the adequacy of a third country securities commission's powers and the legal and regulatory framework for securities of that third country.

Based on an examination of a third country's prospectus regime ESMA will publish a statement on the information that is required to be included in a wrap to a prospectus produced in accordance with that third country's regime. Once ESMA has published such a statement third country issuers can request that the competent authority in the home Member State approves a prospectus prepared on that basis. It is then for the competent authority of the relevant home Member State to scrutinise the prospectus and the wrap to ensure that the requirements set out in ESMA's statement are met before approving the prospectus and the wrap. Once approved, the prospectus and the wrap can be passported into other Member States.

### Israeli prospectus regime

In accordance with this new framework, ESMA has published a statement that prospectuses prepared in accordance with Israeli regulation, together with a wrap, can constitute a Prospectus Directive compliant prospectus for the

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purposes of an offering or application for admission to trading of shares. The statement includes the various additional disclosure items that must be included in the wrap.

[ESMA Framework for Third Country Prospectuses](#)

[ESMA statement on Israeli laws and regulations on prospectuses](#)

[ESMA Press Release](#)

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