
TO : **Persons responsible for the prospectus**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **29 November 2019**

CIRCULAR NO. : **C344**

SUBJECT : **Guidelines on risk factors under the Prospectus Regulation**

The Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform the persons responsible for the prospectus, that it has adopted the European Securities and Markets Authority ('ESMA') [guidelines](#), on risk factors under the Prospectus Regulation {Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC 'Regulation (EC) 2017/1129'}.

These guidelines are addressed to the competent Authorities designated by each Member State in accordance with Article 31 of the Regulation (EU) 2017/1129 and apply from **4 December 2019**.

It is noted that on 5th July 2019, with a Notification by the Minister of Finance (R.A.A. 227/2019), CySEC was designated as the competent Authority in the Republic of Cyprus, responsible for carrying out the duties resulting from Regulation (EC) 2017/1129 and for ensuring that its provisions are applied.

Although the guidelines are addressed to competent Authorities, in order to expedite the process of approving prospectuses, registration documents, universal registration documents, security notes and any supplements thereto, **persons responsible for the prospectus should consider these guidelines when preparing a prospectus for submission to the relevant competent Authority.**

As stated in Regulation (EC) 2017/1129, the primary purpose of including risk factors in a prospectus and/or a supplement is to ensure that investors can assess the relevant risks related to their investment and can therefore make informed investment decisions in full knowledge of the facts. Risk factors should therefore be limited to those risks which are material and specific to the issuer and/or its securities and which are corroborated by the content of the prospectus.

The guidelines aim to encourage appropriate, focused and more streamlined disclosure of risk factors, in an easily analysable, concise and comprehensible form, by assisting competent Authorities in their review of the specificity and materiality and the presentation of risk factors across categories. The competent Authorities should comply by incorporating the guidelines into their supervisory frameworks and consider them when carrying out the scrutiny of prospectuses.

CySEC has adopted these guidelines and incorporated them in its procedure for examination of prospectuses and their supplements, as well as in the relevant checklists. CySEC expects persons responsible for the prospectus to consider these guidelines when preparing a prospectus that will be submitted to CySEC.

Sincerely,

Demetra Kalogerou
Chairman of Cyprus Securities and Exchange Commission