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Small Business, Big Market: How the Listing Act puts SMEs in the spotlight of EU Capital Markets

In a bid to make public capital markets more attractive to companies, especially to small and medium companies (SMEs), the EU Council and the EU Parliament have reached a provisional agreement on the EU Listing Act.



The package will help cut red tape and reduce costs, making it easier for companies of all sizes, especially SMEs, to list on European stock exchanges. It will also give companies easier access to public markets, allowing them to diversify and complement their sources of financing. The provisional agreement will also reduce administrative burdens for companies while ensuring a high level of investor protection and market integrity across the Union. The text of the agreement will be finalised for approval by representatives of the Member States and the European Parliament.

The Listing Act will, among other things, introduce important changes to the Prospectus Regulation, e.g. harmonisation of the format of prospectus, as well as significant adjustments to the Market Abuse Regulation, e.g. flexibility of disclosure requirements. The changes are expected to reduce issuance costs and simplify ongoing, post-issuance obligations.

The forthcoming legislative text is expected to further strengthen Luxembourg's position within the EU capital markets. Luxembourg's efficient market infrastructure and expertise, led by the innovative Luxembourg Stock Exchange, the world's leading exchange for the listing of international debt securities, can play a key role in facilitating the EU's ambitious goal of facilitating SME's access to the international capital markets. This initiative could be particularly appealing for the well-established German SME market (*Mittelstand*), one of the backbones of the German economy.

For more information on this topic and Luther's close relationship with its German network of professionals and clients in this area, feel free to reach out to us.

Your contact persons



Bob Scharfe
Avocat à la Cour, Partner
Luther S.A. Luxembourg
T +352 27484 1
bob.scharfe@
luther-lawfirm.com



Marion Lanne
Avocat, Senior Associate
Luther S.A. Luxembourg
T +352 27484 1
marion.lanne@
luther-lawfirm.com



Georgios Patsinaridis
Jurist, Managing Associate
Luther S.A. Luxembourg
T +352 27484 1
georgios.patsinaridis@
luther-lawfirm.com

