

## The EU Prospectus Regulation

Five key points for employee share plans

June 2019



### 1 Wider employee exemption

From 21 July 2019, the prospectus exemption for share plan offers to EU employees will be available to **all** companies, not just those which are listed or registered in the EU. This eagerly awaited change is good news, especially for US companies operating broad-based employee share purchase plans, as many either produce an EU prospectus (at significant cost), or do not extend these plans to their EU employees.

### 2 UK and Brexit

The newly widened employee share plan exemption will also mitigate against the impact of Brexit (once it happens and after any transitional period) for share plan offers by UK companies after 21 July 2019. Without it, many UK companies would have found themselves in the same position as US and other “third country” companies when offering their plans in the EU.

### 3 Exemption requirements

All companies relying on the employee share plan exemption from 21 July 2019 will need to check that they meet the relevant requirements, including (as under the current regime) providing employees with a document containing information on the number and nature of the securities and the reasons for and details of the offer.

### 4 2018 changes

Other key changes for share plans took effect on 21 July 2018. The “€100,000 exemption” and “€5m exemption” (looking at total consideration for offers over a 12-month period) were removed. A new “€1m” exemption now applies, but member states can increase this limit to €8m (which the UK has done).

### 5 And no changes...

The exemption for offers to fewer than 150 persons per EU country remains unchanged and offers of non-transferable securities (so most options and RSUs) will continue to fall outside the prospectus regime.