

Changes to the Euronext Growth Markets Rule Book

13 April 2022

An updated Euronext Growth Markets Rule Book (the “**Euronext Growth Rules**”) came into effect on 1 April 2022. These updated Euronext Growth Rules are available from the Euronext website [here](#) and replace the previous version of the Euronext Growth Rules published on 9 November 2020.

Background

Since the acquisition of the Irish Stock Exchange plc by the pan-European stock exchange operator Euronext, issuers admitted to the Euronext Growth Market operated by Euronext Dublin (“**Euronext Growth Dublin**”) have been required to comply with the harmonised rules in Part I of the Euronext Growth Rules (“**Part I**”) (which apply to issuers admitted to all Euronext Growth markets throughout Europe) along with the additional rules for Euronext Growth Dublin in Part II of the Euronext Growth Rules (“**Part II**”) (which set out specific rules for admission and continuing obligations for issuers admitted to Euronext Growth Dublin).

In May 2021, Euronext Dublin announced a review of the Euronext Growth Rules citing a number of factors including the migration of Euronext Dublin issuers to Euronext’s pan-European trading platform Optiq, Brexit and the CSD migration from CREST to Euroclear Bank and the fact that the FCA is currently in the process of reviewing the London Stock Exchange’s listing rules. A consultation paper was issued by Euronext Dublin on 19 May 2021 and the amended rules were published on 21 March 2021.

Euronext has stated that the main objectives of the review of the Euronext Growth Rules were:

- a. to have reasonably consistent regimes across Euronext Growth markets to enable current and future issuers to access one or more markets easily;
- b. to expand the advisory regime to enable approved Euronext advisors to support companies across Euronext’s European platforms;
- c. to enable international issuers and advisors to connect to the Irish market; and
- d. to streamline and align the existing rules with those of other Euronext jurisdictions, including by removal of rules that are covered in legislation and certain anomalies vis-à-vis other European exchanges, e.g. the class tests.

The changes in the main relate to the Irish specific rules in Part II but Part I has also been amended to reflect that certain rules in Part I, previously switched off for Irish issuers, will now apply to Euronext Growth Dublin issuers also.

Interestingly, a proposed change to Part I which would have explicitly allowed for the admission of special purpose acquisition companies (or SPACs) to Euronext Growth Dublin did not survive the consultation process and does not appear in the new version of the Euronext Growth Rules.

Key changes

The key changes to the Euronext Growth Rules include:

- **Admission process**

The content requirements for the Information Document (also referred to as an Admission Document) required on first admission to trading have been amended. The content requirements are now set out in Appendix III of Part I and as a result are aligned with the Euronext Growth markets in other jurisdictions.

Euronext Dublin will now also perform a review of the Information Document for completeness, consistency and comprehensibility pursuant to Rule 3.1.2 of Part I. Previously, the Euronext Growth Advisor was responsible for confirming to Euronext Dublin that the Information Document complied with the relevant requirements of the Euronext Growth Rules.

For new applicants to Euronext Growth Dublin, the requirement to make a Schedule One announcement has been removed. Going forward, an applicant will be required to make an intention to float announcement and publish an Information Document only.

- **Disclosure of Corporate Transactions**

The rules setting out conditions which issuers must comply with before entering into substantial transactions (a transaction exceeding 10% under any of the class tests), related party transactions (a transaction with a related party exceeding 5% of any of the class tests) and transactions resulting in a fundamental change of business (a disposal or disposals exceeding 75% under any of the class tests) have been removed in their entirety.

The deletion of these requirements was addressed in a feedback statement released by Euronext. Regarding the deletion of the rules relating to substantial transactions, Euronext reasoned that issuers must still comply with their obligations under the Market Abuse Regulation (EU 596/2014) (“MAR”) and substantial transactions would often amount to inside information requiring disclosure to the market as soon as possible. In regards to related party transactions and in particular the removal of the requirement for the directors of an issuer to state that the transaction is fair and reasonable as far as shareholders are concerned, Euronext noted that directors have a fiduciary duty to act in the best interest of shareholders in any event and related party transactions have to be disclosed in the issuer’s financial statements where they affect the issuer’s financial position.

The requirement that the completion of a reverse takeover be subject to the consent of shareholders at general meeting, notification of the transaction to the market and the publication of an Information Document in respect of the proposed enlarged entity is

maintained. The concept of a fundamental change in business has been retained as a test for assessing whether a transaction is a reverse takeover, alongside the alternative test that the consideration exceed 100% of market capitalisation.

- **Euronext Growth Advisors**

The Rules for Euronext Growth Advisors have been repealed and are replaced by the rules set out in Appendix IV of Part I which apply to advisors in other Euronext jurisdictions. As a result, Euronext Growth Advisors will now be known as Euronext Growth Listing Sponsors and will be subject to the pan-European rules of Book I.

- **Half-year report**

The half year report must now be published within 4 months of the end of the second quarter of the financial year (previously required within 3 months).

- **Broker**

Issuers admitted to Euronext Growth Dublin are no longer required to retain a broker at all times (but we expect many issuers will continue to do so).

- **Cash Shell Companies**

Euronext has extended the period during which an issuer may be a cash shell company (from 6 months to 12 months) before Euronext will consider suspending the issuer from trading.

- **Other continuing obligations**

Certain of the other continuing obligations for issuers on Euronext Growth Dublin have also been removed, including many of the miscellaneous disclosure requirements, such as the requirements to issue an RIS on the resignation, dismissal and appointment of directors, on changes to an accounting reference date, registered office or legal name and on payment of dividends. However, the requirement to disclose changes to the shareholdings of “significant shareholders” (shareholders over 3%) is retained. Similarly, the explicit requirement to have in place sufficient procedures, resources and controls to comply with the Euronext Growth Rules is deleted, as is the requirement to have in place a reasonable and effective share dealing policy (but this will not affect an issuer’s obligations to comply with MAR).

Comment

Issuers and their advisers (in particular Euronext Growth Listing Sponsors (formerly Euronext Growth Advisors)) should take note of these changes to ensure continuing compliance with the Euronext Growth Rules.

Also contributed by Jack O'Reilly