

FEEDBACK STATEMENT - CONSULTATION PAPER – 21-01

CONSULTATION ON PROPOSED AMENDMENTS TO RULES AND ADVISORY REGIME FOR EURONEXT GROWTH DUBLIN

On 19 May 2021, Euronext Dublin published Consultation Paper 21-01 on proposed amendments to the rules and advisory regime for Euronext Growth Dublin.

Given the orientation of trading and post-trade in Irish securities towards Europe, the ongoing UK listing review and the desire to enable Irish issuers to access other Euronext markets, we believe that now is an opportune time for Euronext Dublin to review our Growth Market regime to ensure that it is fit for purpose and delivers to our current and future issuers. The proposed rule changes aim to introduce a reasonably consistent regime across the Euronext Growth markets by streamlining and aligning the existing rules with those of other Euronext jurisdictions, expanding the advisory regime to enable international issuers and advisors connect to the Irish market whilst also enabling our approved Euronext Growth Advisors connect to the other Euronext Growth markets and at all times maintaining the integrity of our market.

The consultation period closed on 30 June 2021. Two responses were received from current Euronext Growth Advisors registered on the Dublin market.

This paper summarises the responses received and notes Euronext Dublin's comments and approach. This paper should be read in conjunction with CP 21-01, which can be found on Euronext Dublin's website at the following link: <https://www.euronext.com/en/markets/dublin>

Euronext Dublin would like to thank all parties who responded for their contributions.

FEEDBACK ON ISSUES RAISED IN CP 21-01

***Please note the rule numbers below refer to the current Euronext Growth rules with the revised rule number in brackets, where appropriate.**

Rule 19 (3.2)– Reverse Take-Overs

Submission :

One respondent noted that the concept of a “fundamental change in business” has been retained as the trigger for a Reverse Takeover (RTO) however the definition of what constitutes a “fundamental change” of business has been removed. Consequently they felt this could cause some ambiguity for corporates and advisers when assessing whether a possible acquisition would constitute an RTO.

Another respondent queried what would happen if the Consideration Test produced an anomalous result as sometimes may happen.

Euronext Dublin Response :

We note these concerns and have inserted within the RTO rule what we believe constitutes a fundamental change in business and we have re-inserted the possibility of including substitute tests if the advisor believes the Consideration Test is anomalous.

Application Process :

Submission :

One respondent queried how the review process would work operationally going forward for the review by Euronext of the Information Document and what documents would be required for a new admission, given the deletion of the Schedule One announcement.

Euronext Dublin Response :

Before implementation of rule changes Euronext will conduct an information session with existing Growth Advisors on the Advisor regime going forward and how it operates on the other Euronext Growth markets.

For a new admission it is market practice that a company releases an Intention to Float announcement. Euronext will publish market notices regarding the admission to trading and the information document of the company on its Euronext Live website where each company has its own page.

Rule 17/18 - Disclosure of Substantial Transactions/Related Party Transactions

Submission :

One respondent asked that consideration should be given to maintaining the disclosure of substantial transactions and in particular related party transactions (RPT). They believe that RPT's get significant focus in the market by investors and the recommendation language and fair and reasonable opinions provide investors significant comfort when a RPT is completed.

Euronext Dublin Response :

Companies admitted to Euronext Growth have to comply with their obligations under MAR regarding disclosure of inside information. Substantial transactions would in practice typically fall under this and would therefore have to be disclosed to the market in any event.

Given that the fair and reasonable opinions on RPT's are given post completion of the transaction we would argue how valuable that is to investors in practice. We acknowledge there would be due diligence carried out in the background in order to give these opinions but the directors have a fiduciary duty to be acting in the best interest of shareholders in any event. Also, RPT's that affect the issuer's financial position have to be disclosed in the financial statements of the company which are publicly available to shareholders. We would also note there has been no negative feedback or investor concerns raised on other Euronext Growth markets which operate without this post transaction disclosure rule. Therefore, whilst noting the concerns raised we have concluded to remove these rules, as originally proposed.

Rule 11 – Retention of a Broker

Submission :

One respondent noted the deletion of the rule requiring a company to have a broker at all times. They felt that it would not be helpful to the market to have a company listed without a broker.

Euronext Dublin Response :

This is not a requirement under other listing regimes, either in Europe or in the UK and we feel may be an added burden for Irish issuers. Euronext has also seen in practice, where even though a company has a broker, this has not resulted in any extra liquidity in the stock. From Euronext Dublin's perspective, liquidity matters are addressed via the Members and the liquidity programmes that are available and incentivise trading in listed securities. Also, removal of the rule does not prevent in any way existing brokers / member firms from acting as market makers / liquidity providers and quoting in the market.

Rule 28 (4.1) – Precautionary Suspension

Submission :

Euronext Dublin may suspend an issuer that has become a Cash Shell Company and has not within 12 months completed an acquisition which constitutes a reverse takeover. One respondent felt that the time period of 12 months is limited and suggested that 18 months would be better to provide additional flexibility.

Euronext Dublin Response:

Euronext Dublin can at present suspend if an issuer has been a Cash Shell Company for a period of 6 months without conducting an acquisition which constitutes a reverse takeover. We feel that by extending this period to 12 months, as per the proposed rule amendments, we are providing sufficient additional flexibility. We do not propose increasing it further.

Rule 24 – Issuer and Directors responsibility for Compliance

Submission :

One respondent felt that the deletion of this rule is not beneficial to the rules. They queried how a Euronext Growth Listing Sponsor (and Euronext) would ensure compliance / access to information and what obligations are put on the Company to proactively engage with the Euronext Growth Listing Sponsor. They queried if these Company obligations are not in the Rules will a Listing Sponsor have reduced obligations to the exchange relative to the current regime? They also noted that it is common for this text to be included in engagement letters for Sponsors.

Euronext Dublin Response :

The policy with regard to the Listing Sponsor will change going forward. It is set out in Appendix IV of Part I of the Rules. Part 4 of Appendix IV contains the tasks and responsibilities of a Listing Sponsor for an initial admission to trading and Part V contains the ongoing obligations of a Listing Sponsor. Euronext will

conduct an information session with current active Euronext Growth Advisors before implementing any rule changes to the Advisor regime to ensure they are aware of their obligations to Euronext.

Euronext Dublin are of the opinion that the engagement letter and contract between a Euronext Growth Listing Sponsor and the Company is between these two parties and outside of the remit of the rules.

General Comments

Submission :

One respondent expressed that they were supportive of the proposed rule changes.

One respondent noted an inconsistency between Appendix IV of Part I of the rules and Appendix I of Part II of the Rules.

Euronext Dublin Response:

Part I of the rules will be amended to show that this applies to Euronext Dublin.

Following further consideration, we have also concluded to remove the proposed wording we had inserted within the RTO rule (Rule 19) regarding SPACS.

REVISED RULES

The revised rules will be issued in January 2022 with an effective date of 1 March 2022 and will be available on the Euronext [website](#)