

1. The objective of the project

Capital markets enable the companies to obtain financing in exchange for various securities, such as shares or bonds purchased by investors expecting a profit in the future. The legal tool for the capital market entry and raising money from a wide group of investors is so-called “public offering”. Conducting thereof requires meeting numerous and expensive prospectus obligations or, simply, information requirements with respect to financial situation of the company, its market activities and offered securities. In theory, those obligations reduce the information asymmetry on the market and they enable investors to make objectively the most advantageous investment decision. However, in practice the prospectus obligations, which are costly and are subject to severe sanctions when not met, constitute the “barrier to entry” for the most of the companies. What is more, the majority of investors cannot get acquainted with massive amount of information published in connection with the public offering made by the companies, which discourages the companies from investing in the stock. This gives rise to a discourse whether the prospectus obligations shall be reformed and modeled after the United States. The last New Financial report indicated that capital market organization in the EU created modeled on the American one would constitute financial injection for Europe, amounting to more than 300 billions of euro per year. Such amount is equal to the budget of Germany. Such funds would possibly help to solve the problems affecting the Old Continent for several years – including unemployment, inflation and high public debt. The main thesis of the Project suggests therefore that European solutions regarding the prospectus obligations in the organization of the public offering, designed to protect investors and information governance in capital market, in reality may decrease its effectiveness and competitiveness in comparison to the most notable competitor – the United States. What is more, they may cause information confusion and weaken the protection of investors, effectively discouraging them from investing in the capital markets.

Firstly, the project aims at analyzing information asymmetry on the capital market and particular problems connected with the prospectus obligations regulations. Secondly, the aim of the research is analyzing the existing regulations concerning prospectus obligations concerning the public offering in the European Union and the United States, and also the provisions under the Prospectus Regulation, entering into force in July 2019. Thirdly, the Project is intended to make critical comparison between the prospectus obligations shapes in the United States and in the European Union in order to find the best solutions deriving from both systems, and also point out the disadvantages preventing the development of the capital markets. While analyzing the above, the author will try to demonstrate how the different shape of prospectus obligations in the United States contributes to the success of financial markets of the US. Fourth, the Project is aiming at proposing the author’s original vision concerning the optimal framework of the prospectus obligations regulations in such a way as best to take account of the specific needs of numerous market participants, including the need for simple and inexpensive mobilizing funding by the companies, the need for information protection of the investors and, finally, the general need for enhancing the competitiveness and attractiveness of the capital markets within the European Union. The proper solutions in this regard would contribute not only to strengthening the markets, but also to unblocking the potential of the economic growth of the entire EU. In order to conduct the above, within the framework of the Project many various and interdisciplinary research tools, bringing together law, economics and behavioural psychology.