

AN ANALYSIS OF THE INFORMATION CONTAINED IN THE PROSPECTUS FOR PUBLIC OFFER OF SECURITIES IN THE REPUBLIC OF NORTH MACEDONIA

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ABSTRACT

Joint-stock companies are capital companies whose functioning is aimed at satisfying the basic profitable goal. Acquisition of capital is possible through internal sources and simultaneously with external investments. Absorption of external capital is realized on the regulated capital market through a public offering of securities. A key element in the realization of a successful public offering is the preparation of a prospectus that contains sufficient information on the basis of which the investor bases the investment decision. The purpose of this paper is an analysis of the minimum legal content that a prospectus must have. The analysis is based on the legal (Law and by-laws) regulations of the Republic of North Macedonia. The paper tries to give an overview of the regulation of the content of the prospectus not only in the legal acts but also in the acts of the self-regulatory organizations of the capital market. In the conclusion, recommendations are given on the way capital market participants should fulfill the legal obligation in terms of improving transparency and thus increasing the attractiveness of the company for institutional investors, and at the same time directions on how the existing legal framework could be strengthened in this area.

Keywords: *Prospectus, Public Offering of Securities, Joint Stock Companies, Transparency, Republic of North Macedonia*

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INTRODUCTION

The basic postulate on which every developed capital market is based, and in parallel with that the idea of attracting additional investment capital, is the existence of a high degree of transparency and disclosure of information by the participants of the capital market i.e. the joint stock companies. The disclosure of information implies the presentation of information about commercial companies to the public that have a special meaning for investors who are interested in investing in them. Such information on the operations of the companies can help investors in making correct investment decisions. So, for example, the public publication of material information about a specific joint-stock company helps investors to evaluate the current state of the company, especially its financial condition, to assess the risks of investing in that company, as well as to build a certain opinion on its current and future performance. According to the above, in addition to the confidence of the investors, the efficiency of the market also increases, which especially affects the real assessment of the price (value) of the investment (share). The companies publish such information in their annual, half-yearly, quarterly and other reports, on their website, in the prospectuses, but also within other notifications in accordance with positive regulations.

The benefit joint stock companies have from disclosure is multifaceted: it allows companies to demonstrate responsibility towards existing shareholders, to act transparently towards the capital market and to maintain public confidence and trust. The companies publish the most important information in their annual, half-yearly, quarterly reports, but also within other notices in accordance with positive regulations, internal acts, corporate governance codes, company policies and other acts.

The first, important distinction is between disclosure requirements designed to provide information to persons purchasing shares in an initial or secondary public offering (ex ante disclosure - primary market information) and ongoing disclosure requirements of listed joint stock companies (secondary market disclosure). Typically, ex ante disclosure aims to provide the investing public with all material information regarding the company's financial condition and performance, including the risks associated with that performance, in order to make a reasonable investment decision. The primary disclosure tool in this regard is the securities prospectus which is used in various forms both in connection with trading of securities on a stock exchange and for other public

offerings of securities. Initial disclosure of corporate information is, of course, not only important for initial public offerings and secondary offerings. Ex ante disclosure can also play a role in a much larger secondary market for securities, where a potential investor will not be buying shares from the company, but from a shareholder who wants to sell them. (La Porta, et al., 2008, pp. 91-111)

The content of the prospectus in the Macedonian legislation is regulated by Law and by-laws, as well as by the acts of the self-regulatory organizations that operate on the capital market. The further part of the analysis is aimed at the legal solutions for meeting the minimum of information that should be contained in the prospectus for the public offering of securities in the Republic of North Macedonia.

1. The Content of the Prospectus for Public Offering of Securities According to the Legal Acts in the Republic of North Macedonia

The public offering of securities can be a turning point in relation to the status of the issuer of securities, if it is a securities issuer that before announcing the public offer of securities was not subject to reporting obligations, i.e. it was not in the category of issuers with special reporting obligations, and with the act of realizing a public offer of securities it is "opened to the public". (Ferran, 2007, pp. 470) That initial public offering of securities with which the issuer moves into the category of issuers with special reporting obligations is known as primary or initial public offering. One of the characteristics and advantages of the public offer is the publication of information, according to which after the public offer of securities, the company has special reporting obligations and continuously informs the public about its operations through the publication of annual, semi-annual and daily reports. However, despite the reporting obligation defined in this way, there is a possibility that the company may be exempted from the obligation to publish certain information, with the consent of the regulator, if the public publication would cause a serious threat to significant business interests of the joint stock company or would be contrary to the public interest, and the joint stock company is able to guarantee the confidentiality of such information. (Македонска берза на хартии од вредност, 2013, pp. 9-12)

Issuance, offer and sale of securities through public offer is carried out after previously obtained approval from the Securities and Exchange Commission on request for the issuance of securities through a public

offer by the issuer. The issuer submits a request for approval of the issuance of securities through a public offer to the Securities and Exchange Commission. The request for approval contains basic information about the issuer, basic information about the members of the supervisory and management board or the board of directors of the issuer, basic information about the securities to be issued and information about the issuer's business operations and the purpose of the funds from the issue of securities. (Law on Securities, 2005 & rev. 2020, art. 13) The Securities and Exchange Commission, with the By-Law on the content of the request for approval of the issuance of securities through a public offer, regulates the content of the request for approval of the issuance of securities through a public offer, where the content of the request is divided by types of issuers and by types of securities.

In terms of content, the By-Law on the content of the request for approval of the issuance of securities through a public offer requires the same information specified in the Law on Securities, focusing on the detailed elaboration of the information, where, among other things, it determines that the Request should be submitted exclusively on the prescribed form, filled out electronically, neatly, legibly and without pretenses, with all the prescribed attachments. The form of the request must be completely filled out. (By-Law on the content of the request for approval of the issuance of securities through a public offer, 2014, art. 3 (1,2))

An integral part of the request is a statement given by the person authorized to represent the issuer, which is submitted in the prescribed form and content, where it is declared that under full moral, material and criminal responsibility, the obligations arising from the securities will be performed on the way determined by the Law on Securities or other law, and will be responsible for the legal implications of the approval of the request for approval of the issuance of securities through a public offer requires in accordance with the legal provisions. It is also declared that the prospectus contains all the information it should contain and if it is necessary to contain others, they will be included before it is published to the public in the final version approved by the Securities and Exchange Commission, as well as that all documents and information that should be submitted in addition to the Request have been submitted and, if necessary, additions will be made in accordance with the legal and by-law regulations that regulate the procedure for granting approval for the issuance of securities. (By-Law on the content of the request for approval of the issuance of securities through a public offer, 2014, art. 3 (4))

The provisions relating to the content of the Request are also applied when is requested an approval of the sale of own shares through a public offer.

Acting on the Request is only possible after the petitioner submits a complete request to the Securities and Exchange Commission together with all the documentation submitted to the Request prescribed by the Law on Securities and by-laws arising from it. In the case of submission of an incomplete, disorderly or request with formal legal deficiencies, the Commission will set the petitioner a deadline in which it is necessary to supplement the documentation, while warning him of the consequences of failure to act. If the petitioner does not complete the documentation and does not remove the deficiencies of the Request within the deadline, it will be considered that the petitioner has given up on the Request, and the Securities and Exchange Commission will issue a conclusion that will stop the procedure initiated on the same. (By-Law on the content of the request for approval of the issuance of securities through a public offer, 2014, art. 4)

The request for approval of the issuance of securities through a public offer, in addition to the information it must contain, in order to achieve greater transparency in the proceedings, must be supported by documentation that is submitted to it. Everything that constitutes other documents determined by the Securities and Exchange Commission is defined by the By-Law on the documents submitted by the issuer of securities when submitting the request for approval of a public offering of securities, which provides submission of the documentation prescribed by the Law on Securities and additional documentation prescribed by its provisions, as well as by another by-law of the Securities and Exchange Commission.

Submission of a request for approval of the issuance of securities through a public offer, accompanied by all the documentation, is submitted not only in the cases of the first, i.e. the initial emission of securities, but also in cases where the request for approval refers to shares from the second or subsequent issue. (Law on Securities, 2005 & rev. 2020, art. 14 (2)) The category of other information on issued securities is governed by the By-Law on the documents submitted by the issuer of securities when submitting the request for approval of a public offering of securities. The By-law, unlike the Law on Securities, focuses its attention on the cases where the request for approval relates to the issuance of securities from a third party or subsequent securities issues.

The central place in fulfilling the criterion of transparency and reporting on the public offer of securities is occupied by the prospectus.

When a securities issuer has decided to sell securities through a public offering, it prepares a prospectus through which it acquaints the public with all information about its operations and the offer of securities. The purpose of publishing this information is to provide full information to all interested investors when making the decision whether to invest in the offered securities. (Schammo, 2011, pp. 75) The prospectus is prepared by the issuer of the securities or a legal entity that provides services with securities, and which has received a work permit for performing all services with securities. (Law on Securities, 2005 & rev. 2020, art. 14 (7)) The prospectus is a written document that contains all the relevant information about the issuer that allows the buyer of the securities, described in the document, to make an assessment of its legal, financial and business operations, the investment risk and the rights carried by the offered securities. (Law on Securities, 2005 & rev. 2020, art. 2 (1 (26))) The prospectus contains all information which, according to the type of issuer and the securities offered to the public, should enable investors to make an informed assessment of the assets and liabilities, financial condition, profit and loss and prospects of the issuer and any guarantor, and of the rights arisen from such securities. The information contained in the prospectus should be written in understandable language and presented in a way that allows for unobstructed analysis. (Македонска берза на хартии од вредност, 2013, pp. 22-23) The Securities and Exchange Commission, with the By-law on the form and content of the prospectus and the invitation for registration and payment of securities, prescribes the form and content of the prospectus and the invitation for the registration of securities. (Law on Securities, 2005 & rev. 2020, art. 14 (8))

Structurally, the prospectus is a document that offers a wide range of information about the issuer and the securities, but it also includes within its own framework the invitation for subscription and payment of securities. The invitation for registration and payment of securities is an extract from the prospectus, which contains basic information about the securities that are sold through a public offer, as well as about the issuer thereof. The invitation must contain a statement that it is an extract from the prospectus, that the decision to invest in the securities should be based on the full content of the prospectus and that the full content of the prospectus is available free of charge at the places of registration of the securities and on the website on the stock market. It is planned to publish the invitation in the Macedonian language and its Cyrillic script in one of the daily newspapers published in the territory of the Republic of North

Macedonia. The mandatory content of the invitation for registration and payment of securities is subject to the regulation of the By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, which includes information about the issuer, the reasons for which the offer is made, i.e. the purpose of the proceeds of the offering, information about the securities offering and notice that the prospectus is available to the public and the place where potential investors can obtain the prospectus. (By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, 2014 & rev. 2015, art. 3)

Information of potential investors is the top priority during the public offering of securities, which is achieved with the prospectus, while in order to achieve that priority, responsibility for the prospectus is foreseen. The issuer and the members of the management and supervisory board, i.e. the board of directors, as well as other persons - signatories of the prospectus who prepared certain parts of the prospectus - are responsible for the reliability, completeness and accuracy of the information contained in the prospectus - according to the part they prepared. The responsible persons clearly identify themselves in the prospectus with their first and last name and position, and provide a statement in which they assert that the information contained in the prospectus are reliable, complete and accurate and that no information has been omitted from the prospectus that could influence the decision on investment or non-investment in the securities which are the subject of the offer. (By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, 2014 & rev. 2015, art. 4)

The preparation of the prospectus does not necessarily mean that it can only be carried out by the issuer, but it can also be prepared by an authorized participant in the securities market (brokerage house, authorized bank or subsidiary of a foreign brokerage house), who has received a work permit for performing all securities services. (By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, 2014 & rev. 2015, art. 5)

Transparency and disclosure of information useful for formulating an investment decision are derived from the content of the prospectus. The prospectus must contain information on the persons responsible for the preparation of the prospectus, information on the auditors, information on the risk factors of the investments, information on the issuer of the securities and its material, legal and financial operations, information on the offer of the securities and terms and conditions for it, as well as

information about the guarantor, if the offer is guaranteed. The mandatory content of the prospectus is prescribed according to the type of issuer, and we distinguish a company that issues securities, a bank or savings bank that issues securities, an insurance company that issues securities, and a local government unit that issues securities. Other legal entities - issuers of securities that are not covered by the categorization of issuers as determined in the By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, prepare the prospectus in accordance with the requirements for the mandatory content of the prospectus of a company that issues securities. The content analysis of the prospectus indicates that it should primarily contain information on the persons who are responsible for the information contained therein, including the persons responsible for the preparation of certain parts of the prospectus by designating the part for which they are responsible. If the prospectus is prepared by an authorized participant of the securities market, the prospectus contains information on the name and headquarters of the brokerage house, the authorized bank or the subsidiary of a foreign brokerage house, which prepared the prospectus on behalf of the issuer. The following provides information on the auditing companies that audited the company's financial statements in the last three years. An integral part is the disclosure of information on the risk factors of the investment, which are presented in two groups, risk factors related to the issuer and the industrial branch to which it belongs, and risk factors related to the securities, i.e. risk factors that are material significance for the securities which are the subject of the offer in order to assess the market risk associated with those shares. Undoubtedly, the prospectus includes information on the issuer grouped into information on the history and development of the issuer and information on its investments. The business overview includes information on the core activities and markets in which the issuer operates. On the other hand, the organizational structure requires the disclosure of information, if the issuer is part of a group (a more complex business system), a brief description of the position of the issuer in that group, or information on the companies in which the issuer has a majority stake. The review of operational and financial performance concentrates on the financial condition and results of operations of the issuer. The prospectus also includes information about the issuer's sources of funds, including both long-term and short-term, as well as information about the issuer's policy for research and development of new products, services and procedures, including information about patents, licenses and concessions, for the last three financial years and the

funds spent on research and development activities. Also presented are the most significant developments in relation to production, sales, inventions, costs and sales prices for the last financial year and up to the date of the prospectus. Optionally, the issuer may decide to include profit forecasts in the prospectus. The information on the issuer's bodies include information on the members of the board of directors, i.e. the management and supervisory board of the issuer, depending on the chosen management system of the company – one-level or two-level. The number of employees and qualification structure at the end of each year in the last three years and the changed situation up to the day of preparation of the prospectus is data included in the content of the prospectus. To the best of the issuer's knowledge, the prospectus publishes data on persons who, together with related persons, directly or indirectly, own more than 5% of any type or class of shares issued by the issuer, together with the amount of that participation (absolute value and relative value in relation to the issuer's share capital and in relation to the issuer's voting structure), and if there are no such persons or if there is no knowledge of such persons in the prospectus, an appropriate negative statement must be given. The issuer discloses in the prospectus all transactions with related parties in the last three years until the day of preparation of the prospectus with a description of the nature of the connection, the scope and purpose of such transaction. Financial data includes financial statements, audited annual financial statements, periodic and other financial information, dividend policy and information on legal proceedings. The category of additional information includes data on the issuer's capital and the issuer's statute and acts of incorporation. Agreements of essential importance for the issuer's operations, information obtained from third parties and reports from experts and the declaration of any interest, as well as participation in other trading companies are mandatory in the content of the prospectus. The rest of the mandatory elements are aimed at the public offer itself, where the reasons for the offer and the purpose of the funds that will be collected with the offer, the general information on the securities, the information on the proprietary securities and the information on debt securities, when the subject of the offer is debt securities. Next in the definition of the public offer in the prospectus is the price of the securities, conditions, deadlines and necessary actions for registration and payment of securities subject to the offer, determined according to the rules of the authorized stock exchange, through which the registration of the publicly offered securities will be carried out, with which the issuer has concluded an agreement for this and the rules of the authorized depository where the issuer's securities are registered and placement of the securities. In the

prospectus, the issuer should provide information on whether and when it will request admission to the securities listing on an authorized stock exchange. If the fulfillment of obligations from the securities is guaranteed by one or more persons, the prospectus must include information about each of those persons and the extent of their responsibility. Finally, the prospectus should contain a statement that during its validity the documents it refers to, i.e. copies thereof, will be available for inspection, with information on the place where the documents can be inspected. In addition to the mandatory elements, the prospectus may contain other elements as well. (By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, 2014 & rev. 2015, art. 6)

In addition to the material, i.e., content aspects, the By-Law on the form and content of the prospectus and the invitation for registration and payment of securities also determines the formal aspects of the prospectus for registration and payment of securities, where it is determined that it is composed of exactly specific parts in a precisely defined order: 1. cover page of the prospectus; 2. accurate content; 3. responsible persons; 4. risk factors related to the issuer and risk factors related to the securities offered with the public offer; 5. other data, respectively according to the type of publisher. Before the content of the prospectus, on the first page, the following statement is given with which the Securities and Exchange Commission is exempted from responsibility, i.e. it is not responsible for the truthfulness and completeness of the data specified in the prospectus for registration and payment of securities, nor for the ability for the issuer of the securities to fulfill the obligations of the securities it issues. The prospectus is certified and signed by the members of the management and supervisory board, i.e. the board of directors, also by the responsible persons according to the type of issuer. In addition to these persons, the prospectus may be signed by other persons who prepared certain parts of the prospectus. The submission to the Securities and Exchange Commission can be made in original, in written form, but also in electronic form. (By-Law on the form and content of the prospectus and the invitation for registration and payment of securities, 2014 & rev. 2015, art. 7) If the prospectus and the invitation for registration and payment of securities are submitted in electronic form, they must be signed with a qualified digital certificate by each of the members of the management and supervisory board, i.e. the board of directors, also by the responsible persons according to the type of issuer. (By-Law on the form and content

of the prospectus and the invitation for registration and payment of securities, 2014 & rev. 2015, art. 7-a)

Transparency and reporting on the operations of companies that issue securities imply the release of as much information as possible in order to gain confidence in the market and attract more capital from investors. However, reporting on operations cannot be detrimental to the company's business venture and it is set within legally defined frameworks, where it does not insist on the publication of information, which the company does not publish for justified reasons guaranteed by law. This is about price-sensitive information, which is defined as information of a specific nature that is directly or indirectly related to the issuer of the securities and which, if disclosed, could affect the price of the issuer's securities or affect the decision of investors to buy, sell or hold the securities. (Law on Securities, 2005 & rev. 2020, art. 2 (1 (45))) In relation to them, an exception is made and the legal entity that has submitted a request for approval for the issuance of securities is given the opportunity to ask the Securities and Exchange Commission not to publish certain information in its prospectus, if the public publication of that information significantly would endanger the business secrets of the legal entity or would be contrary to the interest of buyers and existing shareholders and if the legal entity guarantees that this information will not be disclosed to the public. The very approval issued by the Commission for non-disclosure of price-sensitive information is compulsorily published in the prospectus. With the By-Law on the method, content and deadlines for submitting a request for non-disclosure of price-sensitive information in the prospectus of the issuer of securities, the Commission prescribes the content, method and deadlines for submission of the request for non-disclosure of price-sensitive information in the prospectus of the issuer of securities. (Law on Securities, 2005 & rev. 2020, art. 15) The request for non-disclosure of price-sensitive information in the prospectus must necessarily contain information about which information from the prospectus is requested not to be disclosed, the reasons for which approval is requested for non-disclosure of the information, an explanation of the interests of the company that would be threatened by the disclosure of the data, justification for the impact of the disclosure/non-disclosure of the information on the securities market of the Republic of North Macedonia, justification of the public interest and the opposite of it if the information is disclosed and a guarantee of the confidentiality of the information and a guarantee that the same will not be disclosed. (By-Law on the method, content and deadlines for submitting a request for non-disclosure of price-

sensitive information in the prospectus of the issuer of securities, 2007 & rev. 2014, art. 3) The procedure is described in detail in the By-Law, i.e. when the request is submitted in time.

Based on the information and documentation requested and submitted in accordance with the Law on Securities and by-laws, the Securities and Exchange Commission, evaluating the entire documentation, adopts a decision to approve or reject the request for the issuance of securities through a public offering in a period of 60 calendar days counted from the day of submission of the request to the Commission. If the Securities and Exchange Commission issues approval for the issuance of securities, then the submitted prospectus is considered approved. (Law on Securities, 2005 & rev. 2020, art. 16) After the prospectus has been approved, the most important information to the public is accessed, which is done immediately through its publication and the announcement of the invitation for registration and payment of securities. The issuer is obliged to publish the invitation for registration and payment of securities in the Macedonian language and its Cyrillic script in one of the daily newspapers published in the territory of the Republic of North Macedonia, 14 calendar days before the beginning of the registration of securities, and also thus, it can simultaneously publish it in a daily newspaper published in the territory of the Republic of North Macedonia in one of the languages of the communities in the Republic of North Macedonia. The principle of increased information requires the issuer to publish the prospectus and the invitation for registration and payment of the securities on the website of the stock exchange, 14 calendar days before the beginning of the registration of the securities. The prospectus is made available to all interested persons at the issuer's premises and at all places where securities are registered and paid for. At the same time, the final content of the prospectus that is subject to publication must not differ from the prospectus that the Commission approved when adopting the decision on approval for the issuance of securities. (Law on Securities, 2005 & rev. 2020, art. 18)

The need for continuity, standard and immutability of the published information is realized by the prohibition during the public offer for the issuer to change the statute and other acts that refer to the rights of the owners of securities described in the prospectus. If during the course of the public offer any price-sensitive information becomes incorrect or untrue, or if new information appears that would influence investors when making a purchase decision, the issuer is obliged to immediately terminate the public offer of securities, notify the Securities and Exchange

Commission and the public, to request the Commission's approval for appropriate changes to the prospectus within three working days from the day of the termination of the public offer and to announce the changes to the public within three working days from the day they are received the approval of the Commission. The issuer is obliged to deliver the amended prospectus to all persons who previously subscribed securities for the temporary public offering together with the notification to the persons who subscribed securities about their right of cancellation. The right of cancellation guarantees any person who subscribed or paid for securities on the basis of the original prospectus, within 15 calendar days from the day of receipt of the amended prospectus, to cancel the subscription of the securities and to have the money returned to him/her, i.e. the amount he/she had paid for the securities along with deposit interest. (Law on Securities, 2005 & rev. 2020, art. 19)

The realization of a successful public offering is a high goal of every company that has decided to approach the issue of securities. An issuer of securities that has once successfully implemented a public offering of securities is recognizable in the public, because the public is continuously informed about its operations. The main benefit of this operation is the fact that it contributes to easier access to capital in the future, when the company again decides to finance the operation through the issue of securities. (Македонска берза на хартии од вредност, 2013, pp. 9) The Securities and Exchange Commission, with the By-Law on the content of the notification for the closing of the public offer of securities based on the achieved percentage of success, prescribes more closely the content of the notification for the closing of the public offer of securities, which ensures transparency and reporting to the public about the success of the public offering. Notification of the closing of the public offer of securities based on the percentage of success achieved, the issuer submits to the Securities and Exchange Commission and the same must be announced to the public if more than 60% have been subscribed and paid within the deadline for the realization of the public offer of the offered securities or if more than the subscription and payment percentage provided by the issuer in the prospectus, which must be met for the issue to be considered a success, are subscribed and paid within the deadline for the realization of the public offer.

2. The Content of the Prospectus for Public Offering of Securities According to the Listing Rules of the Macedonian Stock Exchange

Mandatory publication of the prospectus in order to improve the quality of transparency in the issuance of securities is not only prescribed by the Securities and Exchange Commission as a market regulator, but also by the stock exchange itself as a place where transactions with securities are carried out. In its Listing Rules, the Macedonian Stock Exchange determines that when submitting a request for a listing, the issuer must submit a prospectus, which must contain all the elements that the Listing Rules insist on, and which will enable investors to make an informative assessment of the property and obligations, financial situation, profit and loss, development opportunities, as well as the rights carried by the securities.

The prospectus must be approved by the stock exchange before its publication. Approval is issued when the stock exchange has assessed that the information contained in the prospectus is complete. After the approval of the prospectus by the stock exchange, it is delivered to it in electronic form and in printed form. If a request is submitted for the listing of shares on Super Quotation, the prospectus is submitted in both Macedonian and English. Issuers who have the approval of the Securities and Exchange Commission for the issue of securities through a public offer no older than 12 months, submit the prospectus approved by the Securities and Exchange Commission when submitting the request for securities listing. (Listing Rules, 2014, art. 20) Also, the information that the issuer is obliged to perform to the stock exchange refers to the obligation of the issuer to notify the stock exchange if, at any time, the improvement of the prospectus and before the introduction of the securities on the Official Market, determines that a new significant change has occurred, which should otherwise be included in the prospectus at the time of its preparation. The stock exchange can accept and approve the non-disclosure of some information, if it deems that the information is less important and does not affect the assessment of the property, liabilities, financial condition, profit and loss and development possibilities of the issuer, if its disclosure would be contrary to the public interest and its publication would harm the issuer, and its non-disclosure itself has no material impact on the issuer's performance assessment. (Listing Rules, 2014, art. 21)

The Listing Rules also determine the mandatory elements of the prospectus by focusing first on the basic information. According to these rules, the prospectus and the additional information about it and the formal notification may not be issued, advertised or circulated, until they have been approved by the stock exchange. They also stipulate that the prospectus must be publicly issued and made available (in electronic and printed form and free of charge) to the public in the stock exchange, at the issuer's headquarters, at the patron's headquarters, on the issuer's website (if the issuer has its own website). Copies of the latest audited financial statements in accordance with the special listing conditions of the relevant market sub-segment must be available for inspection, together with copies of the prospectus. (Listing Rules, 2014, art. 31)

Conclusion

The prospectus and its preparation, i.e. the responsibility associated with the prospectus, the minimum amount of information it should contain, its validity are a guarantee for the establishment of the criteria for transparency and disclosure of information, and thus the protection of investors, whose implementation and respect are supreme prerequisite for the normal functioning of the regulated markets. The prospectus contains all the information, which is in accordance with the specific characteristics of the issuer and the securities offered through a public offer or listed for trading on a regulated market. That information is needed by investors to make an assessment of the financial condition, profits and losses, as well as the expectations of the issuer and any guarantor and the rights granted by the securities.

In the legal framework of the Republic of North Macedonia, it is necessary to pass a Law on Obligations for Transparency of Issuers (or Law on Prospectuses for Securities and Obligations for Transparency of Issuers) which will be the *lex specialis* law in the area of transparency and disclosure of information and reports of joint stock companies whose shares are offered to the public or are already listed on the stock exchange or have special reporting obligations. The provisions of this law will be harmonized with the provisions of Directive 2004/109/EU on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market ("Transparency Directive of the European Union") and all its amendments/additions. While regarding the content of the prospectus, it is necessary that the legal solutions are in accordance with Regulation

2017/1129/EU on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market. The Regulation on the prospectus is a large part of the European Commission's plan to build a capital markets union, which should contribute to a simpler application of the European rules on the prospectus.

The proposed structure and content of the provisions of the new Law should be in the direction of ensuring a higher level of transparency and fulfilling the obligations for reporting and disclosing information on the operations of Macedonian joint stock companies whose shares are offered to the public or listed on the stock exchange or are with special reporting obligations, can be achieved if this matter is concentrated in one legal act. With this law, the requirements regarding the disclosure of periodic and current information for joint stock companies would be fully and systematized, with the aim of ensuring the confidence of investors and the stability of the market by creating the necessary conditions for the protection of investors and for development on a transparent, fair and efficient capital market. Structurally, the legal regulation of the transparency of joint-stock companies should, in separate segments, integrally cover periodic and current information and dissemination, i.e. the public disclosure and storage of all information that the joint stock company which has submitted a request for admission of its securities for trading on a regulated market, should be disclosed in accordance with the legal regulations, so-called “regulated information”. The legal framework structured in this way undoubtedly imposes a need for control over its implementation, therefore the delegation of powers to the Securities and Exchange Commission, as a market regulator, is of particular importance to supervise the complete implementation of transparency and reporting of joint stock companies.

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