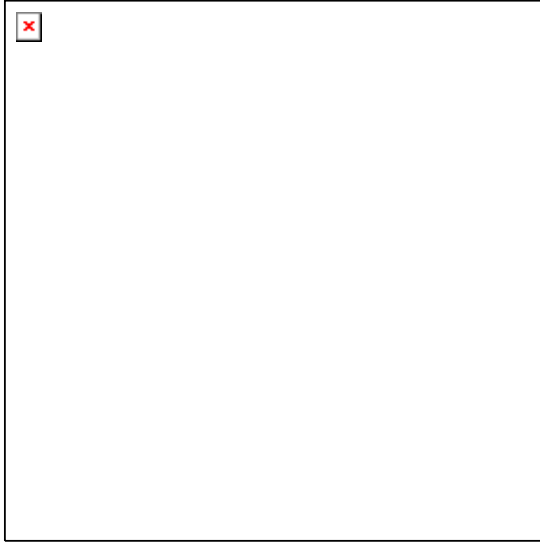




BancoSabadell





Responses to the Consultation Paper

- CESR's Advice on possible Level 2 Implementing Measures for the Proposed Prospectus Directive –

Addendum to the Consultation Paper

(Ref. CESR/02-185-b)

JANUARY 2003

<i>Ref.</i>	<i>QUESTION</i>	<i>ANSWER</i>
PART ONE – REGISTRATION DOCUMENT		
1.- DEBT SECURITIES		
Investments (Past, Present and Future) – CESR disclosure ref: IIIB (Wholesale Debt Building Block)		
15	Do you consider that information about an issuer's principal future investments should be disclosed? Please give your reasons.	We think that it would be necessary to supply information about the issuer's future investments because it could be that the knowledge of new risks may be of interest to future investors.
16	Do you consider that a description of only some of these items should be made? If so, which ones?	Yes. Descriptions of only the most significant future investments regarding amounts or those which represent the entry into a new market or the entry of a new product into the market, which therefore take into account new risk, should be made.
Liquidity and capital resources – CESR ref: IV.A. (Wholesale Debt Building Block)		
18	Do you consider that information about a company's capital expenditure commitments would be of value to "wholesale market investors"?	No, same comment as in Ref. 17.

Trend information – CESR ref: IV.B. (Wholesale Debt Building Block)		
22	Should any profit forecast that is included be reported on by company’s auditor or reporting accountant?	It would not be necessary, as long as the hypothesis in which the forecasts are based are included in the prospectus. However, the issuers could voluntarily incorporate the audit reports regarding the hypothesis in seeking higher transparency.
23	Do you consider that requirement to disclose an issuer’s prospects should be retained, or should this requirement be deleted?	Even if there is no quantification of the prospects, we consider that the inclusion of the prospects could be valuable to investors in its contents and probability of occurrence.
Board Practices – CESR ref: V.C.1 and 2 (Wholesale Debt Building Block)		
25	Do you consider it necessary to continue to require disclosure of Board practices for issuers of such securities?	We consider that this information should be included in the prospectus, since it provides transparency.
Major Shareholders – CESR ref: VI.A.1 and 2 (Wholesale Debt Building Block)		
27	Do you consider that these disclosure obligations should be required?	Yes, because this basic information could be of interest to some investors.
28	CESR’s expectation is that either both would be deleted or both retained. Do you consider that only one of these disclosure obligations is necessary and if so, which?	No
Related party transactions – CESR ref: VI.B and 2 (Wholesale Debt Building Block)		
30	Do you consider that this disclosure requirement should be retained in relation to this type of issuer?	-
Interim financial statements – CESR ref. VII.H (Wholesale Debt Building Block)		
33	Do you consider this approach to be appropriate?	No, it should be the same approach as the one followed for “retail corporate debt”.

Documents on display – CESR ref: VIII.C (Wholesale Debt Building Block)		
35	Are your views or comments different from those in response to the first consultation paper?	No
2.- SECURITIES ISSUED BY BANKS		
Introduction		
43	Having reviewed the disclosure obligations set out in Annex (2), do you consider that a specialist building block for banks is justified?	Yes, we think that the building block is justified.
44	If so, do you consider that this specialist building block should be applied to non-EU banks that are subject to an equivalent level of prudential and regulatory supervision, or should only EU banks be covered by this specialist building block?	The same information requirements should be applied to all banks of the EU or outside the EU.
45	Other than those disclosures considered separately below, do you agree with the disclosure obligations for banks as set out in Annex (2)?	Yes.
Investments (Past, Present and Future) – CESR disclosure ref: IIIB (Bank Building Block)		
47	Do you consider that information about a bank's principal future investments should be disclosed?	Yes, see ref. 15.
Profit forecasts and trend information – CESR disclosure ref: IV.A.1 (Bank Building Block)		
49	Do you consider that a bank's actual solvency ratio should be disclosed?	Yes, because such information is essential to future investors
Board Practices – CESR ref: V.C.1 and 2 (Bank Building Block)		
51	Do you consider it necessary to continue to require disclosure of Board practice by banks?	Yes, see comments for ref 25.

Major Shareholders – CESR ref: VIA.1, VI.A.2 and 3 (Bank Building Block)		
53	Do you consider that the disclosure obligations (VI.A.1, VI.A.2 and VI.A.3) should be required for banks?	Yes, since it deals with essential information to future investors.
Related party transactions – CESR ref: VI.B (Bank Building Block)		
55	Do you consider that this disclosure requirement should be retained in relation to this type of issuer?	-
Interim financial statements – CESR ref: VII.H (Bank Building Block)		
57	Do you consider the approach set out in VII.H. of the Bank Building Block schedule to be appropriate?	We consider that interim financial statements should be mandatory regardless of issuer's previous publication because it represents a higher transparency.
Documents on display – CESR ref: VIII.C (Bank Building Block)		
59	Are your views or comments in relation to securities issued by Banks different from those in response to the Consultation Paper?	No.
3.- DERIVATIVE SECURITIES		
Investments (Past, Present and Future) – CESR disclosure ref: III.B (Derivatives Building Block)		
66	Do you consider that issuers of derivative securities should be required to provide a description of their principal future investments? Please give your reasons.	Yes, the information regarding future investments could be of interest to some investors who consider it necessary to determine the issuer's ability to meet previous financial obligations.
Directors – CESR ref: V.A.1 (Derivatives Building Block)		
69	Do you consider that the information set out in V.A.1 of the Derivatives Building block should be restricted to the directors of the issuer? Please give your reasons.	-

Management and directors conflict of interests – CESR ref: V.B (Derivatives Building Block)		
71	Do you consider that the information set out in V.B of the Derivatives Building Block to be relevant and necessary disclosure for these products? Please give your reasons.	Yes. It would be necessary to disclose whether some conflict of interest exists.
Board Practices – CESR ref: V.C.1 and 2 (Derivatives Building Block)		
73	Do you consider it necessary to require disclosure of Board practices for issuers of derivative securities? Please give reasons for your answer.	Yes, see comments in ref 25.
74	Do you consider it necessary to require disclosure of Board practices for issuers who are banks of derivative securities? Please give reasons for your answer.	Yes, for the same reasons as in ref 25.
Related party transactions – CESR ref: VI.B.1 (Derivatives Building Block)		
76	Do you consider that this disclosure requirement should be retained in relation to derivative securities? Please give your reasons.	-
Interim financial statements – CESR ref: VII.H (Derivatives Building Block)		
78	Do you consider the approach set out in VII.H. of the Derivative Building Block schedule to be appropriate?	No, see comments to ref. 33.
Documents on display – CESR ref: VIII.C (Derivatives Building Block)		
80	Are your views or comments in relation to derivative securities different from those in response to the Consultation Paper?	No

The disclosure requirements for guaranteed derivative securities		
87	After review of the proposed disclosure requirements for banks set out in Annex (2), do you consider it necessary to set out separate disclosure requirements for guaranteed derivative securities issued by banks (including for these purposes special purpose vehicles whose obligations are guaranteed by banks), or should all such derivative securities irrespective of their percentage return be treated as all other non-equity securities issued by banks (or special purpose vehicles whose obligations are guaranteed by banks)? Please give your reasons.	-
88	If you consider that there should be a difference between the disclosure requirements for a bank (or a special purpose vehicle whose obligations are guaranteed by a bank) issuing a guaranteed derivative security; and the disclosure requirements for a bank issuing all other types of non-equity securities, please indicate what percentage return should be applied to differentiate between these different disclosure requirements. Please give your reasons.	-
89	Having reviewed the disclosure obligations set out in Annex (3) for derivative securities issued by banks or special purpose vehicles whose obligations are guaranteed by banks, and the disclosure obligations set out in Annex (2) for all other non equity securities issued by banks, what, if any, additional disclosures do you consider a bank issuer or special purpose vehicle issuer whose obligations are guaranteed by a bank of a guaranteed derivative security should provide? Please give your reasons for your answers.	-
The disclosure requirements for derivative securities issued by entities other than banks or special purpose vehicles whose obligations are guaranteed by banks.		
92	Do you consider that the disclosure requirements for Banks issuing derivative products should also be applied to non-bank issuers of non-guaranteed derivative securities? Please give your reasons.	-

93	<p>If you consider that there should be different disclosure requirements for non-bank issuers of derivative securities, on review of the derivatives disclosure requirements set out in Annex (3), and the “wholesale debt” disclosure requirements set out in Annex (I) please advise:</p> <p>a) what, if any, different disclosure requirements to those set out in Annex (3) should be applied to non-bank issuers of derivative securities. Please give your reasons; and</p> <p>b) what, if any, different disclosure requirements set out in the “wholesale debt” disclosure requirements at Annex (I) should be applied to non-bank issuers of derivative securities. Please give your reasons.</p>	-
4.- ASSET BACKED SECURITIES		
Introduction		
96	Do you agree with the disclosure obligations set out in Annex (4) as being appropriate for this type of securities?	Yes.

5.- DEPOSITORY RECEIPTS		
102	Do you agree with the disclosure obligations set out in Annex (5) as being appropriate for this type of security?	-
103	In particular, do you consider that any information regarding the depository is required in addition to that set out in IX.A?	-
104	If there is recourse to the depository under the terms of the DR issued, what disclosure requirements do you consider would be appropriate in relation to the depository?	-
6.- SPECIALIST BUILDING BLOCK FOR SHIPPING COMPANIES		
111	Do you believe that a specialist building block for shipping companies is appropriate?	-
112	Do you agree with the disclosure requirements in registration documents for shipping companies set out in Annex (6)?	-
113	Do you agree that valuation reports as set out in Annex (6 ^a) should be required for shipping companies?	-
114	Do you consider it appropriate that the date of valuation must not be more than 90 days prior to the date of publication?	-
115	Do you agree that it would be more appropriate for such valuation reports to be required when securities are being issued by a shipping company and hence should form part of the securities note?	-

PART TWO – SECURITIES NOTE		
1.- PROPOSAL OF A BLANKET CLAUSE		
122	Do you agree with this approach?	Yes
123	Are you satisfied with the wording of the Blanket Clause?	Yes, although it would be appropriate to specify those items which have been omitted because they are non applicable.
2.- WORKING CAPITAL		
125	Do you consider than this disclosure is more appropriate to the securities note or the registration document?	We consider it would be more convenient to include that information on the registration document because such information relates to the issuer
126	If you consider that this disclosure is more appropriate to the securities note, do you believe that other disclosures regarding liquidity and capital resources currently in the registration document should be included in the securities note instead?	-
3.- ADDITIONAL INFORMATION IN THE SN EQUITY SCHEDULE		
132	Do you agree with this approach?	Yes
4.- ADDITIONAL INFORMATION IN THE SN DEBT SCHEDULE		
136	Do you agree with this approach?	Yes
5.- ADDITIONAL INFORMATION IN THE SN DERIVATIVES SCHEDULE		
139	Do you agree with this approach?	Yes
6.- ADDITIONAL SN BUILDING BLOCK FOR ASSET BACKED SECURITIES		
143	Do you consider the disclosure requirements set out in Annex (10) to be appropriate for asset backed securities?	Yes
144	On review of the debt security note disclosure requirements set out in annex (L) to the Consultation Paper, please advise what if any of these items of disclosure should not be required for these types of securities? Please give your reasons.	-
7.- ADDITIONAL SN BUILDING BLOCK FOR GUARANTEES		
149	Do you agree with the proposal to have the disclosure obligations in relation to guarantees in a separate building block so as to allow greater flexibility in structuring the issue of securities?	Yes, in agreement with comment in ref 145

150	Do you believe that the level of disclosure required by the proposed building block is appropriate? Please give reasons for your answer.	We consider the information disclosed in annex 11 is sufficient for the future investors keeping in mind possible conflicts with legislation regarding privacy and confidentiality in each country.
151	If, in answer to the previous question, you said the requirements were inappropriate please indicate which of the proposed disclosure requirements you believe to be excessive and/or which additional disclosures should be required of guarantors.	-
8.- ADDITIONAL SN BUILDING BLOCK FOR SUBSCRIPTION RIGHTS		
155	Do you agree with this approach?	Yes
159	Which approach do you deem to be more appropriate?	We consider the first possibility more convenient because there is more information given to the investors.

PART THREE – SUMMARY

1.- NEED FOR LEVEL 2 ADVICE

168	Given the level of detail provided for by the Ecofin Text on the scope, language, length and content of the summary; taking in consideration that the summary is based on the content of the prospectus and that it is up to the issuer to evaluate which elements are essential, do you believe that there is need for level 2 advice on the content and characteristics of the summary and that, in particular, there is need to prepare specific summary schedules? If yes, please indicate what level 2 implementing measures should deal with. CESR also welcomes views on the way in which the need to standardise the content of the summary may be compatible with the maximum length the summary should normally have.	We consider that the level of details included in “the Ecofin text” is sufficient
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PART FOUR – BASE PROSPECTUS/PROGRAMMES

175	Do you have any comments on the preliminary views expressed in paragraph (174)?	-
176	Bearing in mind that the final terms will not be approved, what information disclosures from the securities note do you consider it would be appropriate to reclassify as being the final terms (for issues off a base prospectus)?	-