

Summary of the comments

made by the Verbraucherzentrale Bundesverband e.V. (vzbv)

The vzbv is the Federation of German Consumer Organisations. It is engaged in lobby work for consumer interests. It is the parent organisation of 37 German consumer associations. The vzbv is a member of CI (Consumers International) and BEUC (Bureau Européen des Unions de Consommateurs). For further information about the Federation, visit the homepage <http://www.vzbv.de/go/english>.

The comments of the vzbv focus on advertising as it is considered the most crucial issue in terms of investor protection. The Federation is in favour of an efficient control of advertising by the competent authority since the authority is aware of the market activities and the products. The authority should observe the market actively by not only following up complaints from third parties, but by also investigating advertising out of their own initiative. The regulatory framework and the administrative practice should be comprehensive and transparent so that market participants can adhere / abide easily.

The authority has to be in a position to apply effective sanctions against issuers who do not follow the rules with regard to advertising, e.g. by prohibiting certain commercials or imposing a significant fine. The fine must not be fixed but calculated in a manner that it has a deterring character based on the size of the company and the issue size.

The investor should be enabled to use the research results and assessment by the competent authority in case of a claim for damages. The civil liability with regard to the prospectus is not sufficient.

The vzbv suggests introducing a blackout period in which advertising is not allowed as long as the prospectus is not published. Advertisements can be scrutinized more easily after the publication of an approved prospectus.

The scrutiny of advertising should be harmonized within the European Union. A level playing field would be for the sake of cross-boarder issuers as well as the prospective investors who can be assured of an equal level of protection. The authorities could cooperate and exchange their know how. A harmonized framework provides a fair and equal competition environment across Europe.

All advertising should refer to a prominent place on the prospectus as the basis for the civil liability. The reference should stress that further information on chances, risks and costs can be found in the prospectus.

Additionally the advertising has to state where and from what time on the prospectus is available. To stress the meaning of the prospectus, the civil liability attached to it and that it contains all information essential to assess the issuer and the issue should be described.