

9 July 2004

INVESTMENT MANAGEMENT

CESR CALL FOR EVIDENCE

Reply of Euronext

Please find below the reaction of Euronext to the call for evidence dated June 2004 by CESR (CESR/04-267b) entitled "CESR starts work on its agenda for Investment Management".

Euronext welcomes the work of CESR on Investment Management as well as the agenda fixed by CESR to organise future work in this field.

This work is essential to provide management companies with a true European passport to operate throughout the EU and implement the extension of activities, which they are allowed to undertake. We hope it will also help to remove barriers to the cross-border marketing of units of collective investment funds.

The areas on which Euronext believes work has to be done as soon as possible are the following: simplified prospectus, clarification of definitions and recommendation on the use of financial derivative instruments.

Simplified prospectus

In order to create a single financial market in Europe, it is necessary to provide equal information and protection to investors of all Member States. In this context, it is important that CESR starts working on the Commission Recommendation on contents of the simplified prospectus in order to induce Member States to impose the same requirements on the prospectus.

Clarification of definitions

This work seems to be of first importance. It is actually urgent to clarify some definitions, particularly in matters like financial derivative instruments, with a view to avoiding that Member States adopt divergent interpretations or different interpretations from what the Commission first expected. Precise definitions should in particular be worked out for the following terms: "an index sufficiently diversified", "adequate benchmark", "appropriate manner of publishing", "counterparty risk".

Use of financial derivative instruments

We strongly support the intention of CESR to set up, as soon as possible, a working group, which will assist national regulators to implement in a harmonised fashion the Commission Recommendation on the use of financial derivative instruments. In particular, Euronext agrees that coordination and harmonisation of the risk-measurement system would be useful and will contribute to better competition and better information as well as enhanced protection of the investors.