



**CESR'S ADVICE ON POSSIBLE LEVEL 2 IMPLEMENTING MEASURES FOR THE PROSPECTUS
DIRECTIVE**

Ref. CESR/03-210b

MEDEF POSITION

56. What are your views on the costs of providing reconciliation as compared with a full restatement?

MEDEF considers that providing reconciliation is clearly easier and less expensive than a full restatement. MEDEF members evaluate the cost of reconciliation to be half the price of a full restatement.

57. What are your views on the most appropriate way to present the financial information?

MEDEF is in favour of the approach which requires issuers to include two years of audited historic financial information prepared and presented in accordance with IFRS.

Indeed, MEDEF considers the reconciliation to be the easiest system but acknowledges that this system does not provide sufficient information to the investor. MEDEF evaluates thus the 2 restated years approach to be the most adequate balance between the information needed by the investors and the cost for the issuer to provide that information: it remains more expensive than providing reconciliation but definitely provides better information to the investor.

Besides, requiring the inclusion of two years of comparable information rather than three will reduce the costs of restatement for the issuer but will still provide investors with a satisfactory comparability, as investors have nevertheless the opportunity to analyse the financial evolution on three years thanks to the third year presented in local GAAP.

According to paragraph 48, MEDEF understands option 2 as compatible with the above mentioned goals but is concerned with the ambiguity contained in the second part of the paragraph 51 ("in accordance with the accounting standards which **will be** adopted in the issuer's **next** annual financial statements ..."). MEDEF presumes that this sentence means that option 2 requires for an issuer that applies for a quotation for the year = n to provide historic financial information according to the following treatment:

- Year n-3: in local GAAP;
- Year n-2: in IFRS (IFRS applicable to the year n);
- Year n-1: in IFRS (IFRS applicable to the year n).

58. What are your views on the importance of comparability both within the audited historical track record and with the reporting standards that are to be adopted?

MEDEF judges the comparability to be important both within the audited historical track record and with the reporting standards. The introduction of the IAS will be a major change for both issuers and investors, therefore the comparison is necessary. MEDEF evaluates the investors to mainly take into consideration the comparability between the most recent year available and the precedent one.

59. What are your views on how this should be achieved?

Given our answer to the previous question and regarding the difficulties that will be caused by the first adoption of IAS, MEDEF stands for a pragmatic approach of the problem and therefore is in favour of the 2 restated years option as described above.

60. Do you agree with the approach taken in relation to issuers of debt securities? If not, please state your reasons.

MEDEF agrees with the approach taken in relation to issuers of debt securities as the two-year comparability is necessary to the investors.

69. What are your views on extending this treatment to EU issuers for the types of securities identified?

MEDEF considers this extension to EU issuers necessary in order to maintain an equal treatment and a safe competition level between EU and non EU issuers.

84. Do you agree with the scope of the present consultation paper on advertising? Please give reasons for your answer.

MEDEF considers article 15, paragraph 7 of the Prospectus Directive to be sufficiently precise and detailed regarding the scope of implementing measures.

Furthermore, regarding the complementary features, it is MEDEF's opinion that the second indent is confusing for the investors and does not add anything valuable to the Directive's principles. It must then be deleted.

85. Do you believe that blackout periods should be imposed for the dissemination of any advertisements when a prospectus has not been made available? Please give reasons for your answer.

MEDEF is strongly opposed to the idea that any blackout period could be imposed for the dissemination of advertisements as the vitality of the European financial markets needs some advertisements. Consequently, MEDEF totally agrees with CESR's view expressed in paragraph 83.

87. Do you consider that control over compliance of advertising activity with the principles referred to in paragraphs 2 to 5 of Article 15 of the Directive should be harmonized? If so, do you think that competent authorities should exercise the above mentioned control? Please give reasons for your answer.

MEDEF does not have any specific demand.