

**ABI RESPONSE TO CESR'S ADDENDUM TO ITS CONSULTATION PAPER REGARDING
THE ADVICE ON POSSIBLE LEVEL 2 IMPLEMENTING MEASURES FOR THE PROPOSED
PROSPECTUS DIRECTIVE**

Main Items

PART ONE – REGISTRATION DOCUMENT

Securities issued by banks

Answers to the questions

43. We consider justified the approach adopted in Annex 2 since the Article 7(d) of the Directive proposal expressly provide for different models of prospectus dependently on different entities operating in the financial market. Furthermore, due to the same aforesaid reasons, other specialist building blocks related to insurance companies should be provided for by the future Directive so that these company could be subject to the same disclosure requirements either in their home member state or in another member state within the EU.
44. This specialist building block should apply even to non-EU banks.
45. Yes, we agree with the disclosure obligations for banks as they are set out in Annex 2.
47. We consider useful the disclosure of the bank's principal future investments in order to allow investors a full understanding of banks solvency and capability to pay at least the principal.
49. We do not agree on the fact that a disclosure of bank's actual solvency ratio may really increase the global value of the information given to the investor. We point out that, however, our national practice give investors said disclosure.
51. We do not consider necessary to require disclosure of Board practices since banks are already subject to prudential and regulatory supervision.
53. We think that disclosure requirement regarding major shareholders should be required in the future Directive.
55. We think that disclosure requirement regarding related party transactions should be required in the future Directive.
57. We think that all the issuers, listed or not listed, offering securities and asking for their admission to trading, have to insert in their prospectuses interim accounts.
59. We believe that the same remarks we made on documents on display for the consultation paper may apply even as it regards banks. Thus, we reaffirm that given the fact that the issuer is deemed as responsible for any information contained in the prospectus, issuers should be not required to put on display all documents referred to in the prospectus.

Derivative Securities

Answers to the questions

66. We believe that, as it regards derivative instruments, disclosure of principal future investments is not useful for investors due to the fact that the potential return is not linked to the performance of the issuer but to the performance of the underlying.
69. We think that the name and the function of the directors of the issuing company may represent a sufficient level of disclosure.
71. The proposed disclosure requirements of “any potential conflict of interests between directors of the issuer and their private interests or other duties” may usefully enabling investors in order to evaluate in the correct manner their investment.
73. 74. As it regards derivative instruments, we believe that the disclosure of Board practices for issuers (even if they are banks) is not useful due to the fact that the potential return is non linked to the performance of the issuer but to the performance of the underlying.
76. We think that disclosure of related party transactions should be required in the future Directive.
78. Yes, we consider appropriate the approach followed. We also think that all the issuers, listed or not listed, offering securities and asking for their admission to trading, have to produce and attach to the prospectus their interim accounts.
80. We believe that the same remarks we made on documents on display for the consultation paper may apply even as it regards derivatives. Thus, we reaffirm that given the fact that the issuer is deemed as responsible for any information contained in the prospectus, issuers should be not required to put on display all documents referred to in the prospectus.
87. In relation to guaranteed derivative securities issued by banks, we consider that such securities irrespective of their percentage return have to be treated as all other non equity securities issued by banks.
92. No, we do not think that the same disclosure requirements for banks issuing derivative products should apply even to non-bank issuing non-guaranteed derivative securities since banks are subject to a supervisory control and they are listed entities.
93. We think that non-banks issuers be subject to all the disclosure requirements provided for by the core debt securities building block since, differently from banks, they are not subject to a supervisory control nor they are always listed entities.

PART TWO - SECURITIES NOTE

122. We agree on the proposed insertion of a blanket clause allowing issuers to omit some required information items that are not applicable to the issuer or the securities to which the prospectus relates.
123. We agree on the wording of the aforesaid blanket clause.
125. We consider that the disclosure requirement regarding the working capital statements should be inserted in the Registration document. Actually, we think that all the information related to the issuer should be included only in the Registration Document (or in the Prospectus as a single document) and they should be updated by the means of the Supplement.

132. We agree on adding to the Securities Note for equity securities the description of the rights attached to the securities and lock-up agreements.

We also think that it should be made clear that the requested additional information with regard to rate of dividend refers to historical figures, provided that, if the company intends to disclose provisional pay out estimates, it is allowed to do so in the regulatory framework of IV.D paragraph of the Core Equity Registration Building Block: “Trend Information”. Moreover, it is not clear if “rate of dividend” means the return on equity or the pay out on company earnings: for a non listed company the latter meaning seems more appropriate, because there is not a stock price widely accepted upon which the return on equity could be calculated. Anyway, the return on equity is by itself a very volatile index, since linked to the fluctuations of the share price. It should also be noted that, in most cases, the historical rate of dividend appears not in line with listed companies standards, because of the extraordinary pay outs to core shareholders generally happening when the company is not public: stressing this item too much could result to be misleading to investors with regard to the future rates of dividend.

136. We agree on adding to the Securities Note for structured bonds the selected information items taken from the Security Note Derivative schedule.
150. We agree on 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.
155. We agree on adding to equity securities Security Note a building block for subscription rights.
159. We consider appropriate that if the issuer of the underlying is a listed company, the information could be obtained by incorporating by reference the registration document referring to the issuer of the underlying share. Otherwise, if the issuer of the underlying is a not listed company, the information have to be disclosed as required in the derivative securities schedule.

PART THREE – SUMMARY

168. Given that the proposal of Directive provides a broad level of detail for the content of the Summary (Annex 1), we do not think there is a need for Level 2 advice on the content and characteristics of the Summary as well as we do not consider necessary a specific summary schedule.

PART FOUR – BASE PROSPECTUS

175. With reference to the preliminary views you expressed in paragraph 174, We do not agree on the fact that, according to the ECOFIN text, there is no difference as regards the information items that must be disclosed between the base prospectus and what you called as the “normal prospectus procedure”. Actually, we do not think that ECOFIN had considered the base prospectus as a simple procedure, but as an alternative scheme for prospectus.