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REFLEXIONS ON THE REPORT DRAFTED BY THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS ON POSSIBLE MEASURES TO IMPLEMENT THE PROPOSED DIRECTIVE ON PROSPECTUS.

I. INTRODUCTION

The purpose of this report is to set forth diverse legal reflexions on the documents (Ref. CESR/03-066b and Ref. CESR/03-128, hereinafter referred to as the "Documents") published by the Committee of European Securities Regulators (hereinafter referred to as the "CESR") regarding the measures to implement the proposed Directive related to the prospectus which should be published in connection with public offerings of securities or their admission to controlled markets.

Our firm has once more been invited by the Spanish Securities and Exchange Commission to collaborate in the analysis and review of the Documents. In this regard, we thank you once again for taking our firm into consideration to give our opinion on the matter.

For these purposes we set forth hereunder those law-related considerations we have deemed of special interest with the sole aim of providing material for thought from a strictly law perspective, and in those matters we have considered of special relevance in accordance with our professional expertise on the Spanish securities market. We hope our considerations will be useful and of certain interest to the CESR.

II. REFLEXIONS CONCERNING THE DOCUMENTS

The following are the rudiments of reflexions we have deemed to be of special interest in relation to the Documents and, in particular, the specific information requirements to which certain security issuers will be subject.

FIRST PART: DOCUMENT REF. CES/03-066b

DISCLOSURE OF INFORMATION REQUIREMENTS

The information items required in the format of the prospectus take into account the nature of the securities to be issued, insofar as the interest of a person in investing in equity or a person investing in debt securities is completely different. The former will be interested in the future of the company, whereas the latter will be mostly interested in the risks involved in retrieving the invested capital.

This notwithstanding, it is somewhat doubtful that different treatments regarding the quantity or quality of the information which should be made available to the securities market should be established. In this sense, we consider that relevant differences between both cases should not exist.

The minimum disclosure requirements established by Annex A to the Report would be wide enough to provide complete and reasonable information on the issuer companies. Therefore, potential subscribers and/or purchasers may construe therefrom a fair image of the issuer companies and sound judgement of the investment proposal. However it would be advisable to define some of the concepts established in Annex A (e.g. no parameters or limits are established to understand what the term "investment" entails -section 5.2.3-).

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FINANCIAL INFORMATION PRO FORMA.

The financial information "pro forma" should always comply with a standard format in order to give a true and accurate image of the financial position of the issuer.

It is our understanding that this information should be duly verified by the audit committee. In this regard and according to Spanish law, all the financial information on listed companies must be reviewed by their respective audit committees.

On the other hand, it would be recommendable that the auditor of the issuer company verifies this "pro forma" information and that this relevant information for the market, and most of all for the investors, be published periodically and not only when certain securities are issued.

GUARANTEES.

The information concerning guarantees should be the same for any obligation or securities to be issued. The description of any arrangement intended to provide assurance should be of sufficiently wide a scope as to provide complete and reasonable information. It is our belief that the minimum disclosure requirements established by Annex F would, in principle, comply with the said target.

DOCUMENTS ON DISPLAY.

We deem that the incorporation by reference of documents in a prospectus is targeted at simplifying and reducing the costs of drafting of a prospectus; but that this should not decrease the minimum information for investors. This practice should be allowed

taking into consideration the identification and accessibility of the information for the investors. In principle, the issuer companies should with ease provide investors with such documents and, if possible, these should be made available to the public. It should be taken into account that, on the basis of the analysis of such information, the future investor may make a judgement as to the solvency and liquidity of the issuer, which will be crucial to evaluating the risks involved in retrieving the invested capital.

It is necessary that such documents be duly identified with their respective references and, "unsophisticated" investors should be in a position to obtain the documents incorporated by reference in the prospectus without any problem.

In the light of the above, the information that the issuer company discloses to the market is not only contained in the corresponding prospectus but also in those documents incorporated by reference in the prospectus. All this information constitutes one sole unit and, therefore, it seems reasonable that the responsibility lies with the person who drafts such documents, independently of other responsibilities in which other persons may incur for the creation of information and data based on which these documents were finally drafted.

AVAILABILITY OF THE PROSPECTUS.

In principle, the measures proposed by the CESR in Part Three on Availability of the Prospectus would warranty easy access to the electronic data of the prospectus. However, it is very difficult to determine other measures which can be considered of easy access for the purpose of having available an electronic prospectus.

As we stated in our previous reports, it would appear necessary that the determination of the manner which can be considered to constitute easy access is established by legal

imperative. This would be the only means of permitting equality between operators, security in complying with the rules and the data contrast and comparison by the investors.

In our view the diffusion of the content of the prospectus should take place in the economic-financial daily press. Notwithstanding, the short segmentation of the daily press market of our country and restricted circulation between the readers of certain newspapers and the others render it difficult to use the press for the diffusion of the content of the prospectus.

The notice stating how the prospectus has been made available and where it can be obtained should be published with sufficiently in advance and the content of the notice should be kept to the necessary items of information. We consider that this advertisement should not be published after the date of publication of the prospectus, all of this in order to guarantee the maximum diffusion of the same.

It would be very convenient that the web page of the competent authority or any other place where the existence of the prospectus is advertised indicates how such prospectus has been made available and where this document can be obtained or at least, known. At all events, it seems reasonable that the convenience of publishing the advertisement on the competent authority's web page is not used to exclude any other kind of advertisements.

SECOND PART: DOCUMENT REF. CES/03-128

MINIMUM DISCLOSURE REQUIREMENTS FOR WHOLESALE DEBT REGISTRATION DOCUMENT.

Regarding the disclosure of requirements in case of issue of debt securities, the following considerations should be made:

One of the purposes of the Directive on Prospectus is to offer to possible investors a true and accurate image of the situation of the issuer. On the basis of the foregoing, the disclosure of the risk factors that may affect the issuer's ability to fulfil its obligations under the issue of debt securities carried out by the issuer itself may turn out to be subjective, and therefore, it would be advisable to include an explanation of the risk factors according to objective data, also provided with the same.

Concerning the organisational structure of the issuer, we find it necessary to state the group to which the issuer belongs and the position of the issuer in the said group. The issuer may be backed by a powerful position on the market pursuant to the group of which it forms part (or, alternatively, it may be badly influenced by a weak position of the companies of its group) and that is vital information for the investors in order to study a feasible investment in the issuer.

As we stated in our previous reports and in connection with profit forecasts of the issuer, since forecasts are possible results depending on future and uncertain facts, we find it recommendable to include a detailed explanation of the assumptions pursuant

to which the forecasts have been elaborated. Consequently, investors may study and judge how reliable the forecasts are, and accordingly, make the decision of whether to invest in the issuer or not.

MINIMUM DISCLOSURE REQUIREMENTS FOR THE DEPOSITORY RECEIPTS ISSUED OVER SHARES.

The issue of depository receipts will imply in the long run the issue of shares, and the holders of the depository receipts shall be entitled to receive the corresponding shares. Therefore, it is reasonable and necessary that the issuer disclose all the requisites for a proper issue of shares, as the investors need to know where they are investing their money and what the possibilities of recovering their investment are.

Taking into account the common practice of the depositary being the actual issuer of the shares, in order to assure the widest possible information of both the issuer of the shares and of the depositary receipts to the possible investors, it is our understanding that the disclosure requirements must apply to both of them.

MINIMUM DISCLOSURE REQUIREMENTS FOR THE BANKS REGISTRATION DOCUMENT.

Taking into account the specific characteristics and the regime applicable to banks, it would appear reasonable to impose more strict requirements of information disclosure for investors so that they may evaluate whether their investment will be profitable or not and to what extent, and on the basis of the same, decide whether or not they wish to invest their money in securities issued by a bank.

Concerning the risk factors that may affect the bank's ability to cope with its liabilities in connection with the issue and the organisational structure of the bank, we refer to what has already been stated regarding the issue of debt.
On the other hand, the measure of providing profit forecast together with a statement containing the assumptions upon which the issuer has based its forecast seems useful, provided that such statement is actually specific, precise and easily read by investors who are not experts in such matters.

Information regarding the bank's principal shareholders may be helpful to the extent that it may lead the investors to figure out how the company is managed (provided that any voting syndicate exists among the major shareholders) and likewise, the investor will find out what the implemented measures for avoiding the abuse of such control of the major shareholders are.

MINIMUM DISCLOSURE REQUIREMENTS FOR THE EQUITY REGISTRATION DOCUMENT.

We refer to our considerations in previous reports concerning the issue of equity or debt securities and their main differences.

To begin with, the subscription of equity or debt securities places the investors in different positions, that is, shareholder or bond holder. The consequences of such status are also different, as shareholders will receive their profit according to the benefits of the company, and bond holders according to the public deed of issuance of the bond, which must state the compensation and interest of the bonds, among other things.

Therefore, disclosure of requisites being shares or bond issued should be different in principle, and more rigorous in the first case.

The financial situation of the company must be clear to investors, as well as its profit forecasts (taking into account a report explaining the assumptions upon which the forecasts have been carried out), data regarding its own resources, that is, share capital and all available and unavailable reserves of the company. Likewise, it would be interesting for the investors to study pro forma information supplied by the issuer, in case a significant change of the issuer takes place, setting out in detail how the transaction would have affected the assets and liabilities of the issuer if it had been undertaken at the beginning of the period.