

Annex I

**CESR Proposals for the Corporate Retail
Debt Registration document Building Block
based on
IOSCO International Disclosure Standards
and European Directive 2001/34/EC**

CESR PROPOSAL		IOSCO IDS ref
I.A	<u>Responsibility for the prospectus or certain parts of them</u>	I.A.
I.A.1	Provide the name and function of natural persons and name and registered office of legal persons responsible for the prospectus or, as the case may be, for certain parts of them, with, in the latter case, an indication of those parts. <i><u>There should not be a prospectus liability for natural persons.</u></i>	
I.A.2	Provide a declaration by those persons that, having taken all reasonable care to ensure that such is the case, to the best of their knowledge, the information given in that part of the prospectus for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of the prospectus.	
I.B	<u>Advisers.</u> Provide the names and addresses of the company's principal bankers and legal advisers to the extent the company has a continuing relationship with such entities.	I.B.
I.C	<u>Auditors.</u>	
I.C.1	Provide the names and addresses of the company's auditors for the preceding three years (together with their membership in a professional body).	I.C.
I.C.2	If auditors have resigned, been removed or not been re-appointed during the last three financial years, details must be disclosed if material.	I.C.
II	<u>Selected financial data</u>	
II.A.1	The company shall provide selected historical financial data regarding the company, which shall be presented for the two most recent financial years (or such shorter period that the company has been in operation), in the same currency as the financial statements.	III.A.2

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II.A.2	If interim period financial statements are included, the selected financial data should be updated for that interim period, which may be un-audited, provided that fact is stated. If selected financial data for interim periods is provided, comparative data from the same period in the prior financial year shall also be provided, except that the requirement for comparative balance sheet data is satisfied by presenting the year end balance sheet information).	III.A.2
II.A.3	The selected financial data shall include items generally corresponding to the following, except that the specific line items presented should be expressed in the same manner as the corresponding line items in the company's financial statements. Such data shall include, at a minimum, net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); total assets; net assets; capital stock (excluding long term debt and redeemable preferred stock).	III.A.2
II.B	<u>Risk Factors.</u> The document shall prominently disclose risk factors in a section headed "Risk Factors" that are: (a) specific to the company and its industry; and (b)(a) any other factor that may affect the company's ability to fulfil its obligations under the debt securities to investors. <i><u>This should not be required for companies rated investment grade.</u></i>	III.D.
III	<u>Information about the issuer</u>	IV
III.A.	<u>History and development of the Company:</u> The following information shall be provided:	IV.A.
III.A.1	The legal and commercial name of the company.	IV.A1.
III.A.2	The place of registration of the company and its registration number.	
III.A.3	The date of incorporation and the length of life of the company, except where indefinite.	IV.A2.
III.A.4	The domicile and legal form of the company, the legislation under which the company operates, its country of incorporation, website address, and the address and telephone number of its registered office (or principal place of business if different from its registered office).	IV.A3.

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III.A.5	Disclosure regarding any recent events relevant to the evaluation of the company's solvency, for example the nature and results of any bankruptcy, receivership or similar procedures with respect to the company or its significant subsidiaries.	IVA.4.
III.B	<u>Investments</u>	
III.B.1	<u>Principal Past investments</u> Provide a description, with figures, of the main investments made, including interests such as shares, debt securities, etc., in other undertakings over the past three financial years and the months already elapsed of the current financial year.	IV.A5
III.B.2	<u>Investments being made</u> Information concerning the principal investments being made— including interests such as shares, and debt securities with the exception of interests being acquired in other undertakings. -Distribution of these investments geographically (home and abroad). Method of financing (internal or external).	
III.B.3	<u>Principal future investments</u> Information concerning the company's principal future investments, with the exception of interests to be acquired in other undertakings, on which its management bodies have already made firm commitments.	IV.A6.
IIIC	<u>Business Overview</u>	
IIIC1	<u>Principal activities:</u> The following information shall be provided:	IV.B.
IIIC.1.a	A description of the issuer's principal activities stating the main categories of products sold and/or services performed.	IV.B.1.
IIIC.1.b	An indication of any significant new products and/or activities.	IV.B.1.

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IIIC.2	<u>Principal markets</u> A brief description of the principal markets in which the company competes, including a breakdown of total revenues by category of activity and geographic market for each of the last 2 financial years.	IV.B.2.
IIIC.3	The basis for any statements made by the company regarding its competitive position shall be disclosed.	IV.B.7.
IIID	<u>Organisational Structure</u>	
III.D.1	If the company belongs to a group of undertakings, a brief description of the group and of the issuer's position within it.	IV.C.
III.D.2	If the company is dependant upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	
IIIE	<u>Property plants and equipment</u> Location and size of the issuer's principal establishments and summary information about real estate owned. Any establishment which accounts for more than 10 % of turnover or production shall be considered a principal establishment.	IV.D.
IV	<u>Liquidity and capital resources</u>	
IV.A	<u>The company's capital expenditure commitments</u> Information regarding the company's material commitments for capital expenditures as of the end of the latest financial year and any subsequent interim period and an indication of the general purpose of such commitments and the anticipated sources of funds needed to fulfil such commitments.	V.B.3.

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IV.B	<u>Trend information</u>	
IV.B.1	The company should identify the most significant recent trends in production, sales and inventory, the state of the order book and costs and selling prices since the latest financial year. The company also should discuss, for at least the current financial year, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the company's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.	V.D.
IV.B.2	Information on the issuer's prospects for at least the current financial year should be included. Where a profit forecast, profit estimate or any other kind of issuer's prospect appears, the principal assumptions upon which the issuer has based its forecast, estimate or prospect should be stated; the forecast or estimate should be examined and reported on by the reporting accountants or auditors and their report should be set out; the report should include confirmation from the auditors that the forecast has been made after due and careful enquiry by the directors. <i><u>It should be made clear that there is no obligation to give such information due to prospectus liability.</u></i>	V.D.
IV.B.3(a)	The profit forecast or prospects, <i><u>if any</u></i> , should include a statement of the principal assumptions for each factor which could have a material effect on the achievement of the forecast. The assumptions should be clearly segregated between assumptions about factors which the directors can influence and assumptions about factors which are exclusively outside the influence of the directors; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast. A profit estimate may be subject to assumptions only in exceptional circumstances.	
IV.B.3(b)	Any profit forecast shall be accompanied by a statement ensuring that said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the company.	
V	Directors and Senior Management The following information shall be disclosed:	VI
V.A	Provide the names, business addresses and functions of the company's directors and senior management .	I.A

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V.A.1	Names, <u>business</u> addresses and functions in the issuing undertaking of the following persons, and an indication of the principal activities performed by them outside that undertaking where these are significant with respect to that undertaking: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	VIA1
V.B	Management and directors conflicts of interests Potential conflicts of interests between any of the directors duties to the issuing entity and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a negative statement to that effect should be made.	VIA5
VC	Board Practices	VI.C..
V.C.1	Details relating to the company's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.	VI.C.3.
V.C.2	A statement as to whether or not the company complies with it's country's of incorporation corporate governance regime should also be included. In the event that the company does not comply with shue a reigeme a statement to that effect must be included together with an explanation regarding why the company does not comply with such regime.	
VI	Major Shareholders.	VII.A.
VI.A.1.a	In so far as is known to the company, the name of any person other than a director who, directly or indirectly, has an interest notifiable under the company's national law in the company's capital or voting rights, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement.	VII.A.1.a.
VI.A.1.b	Indicate whether the company's major shareholders have different voting rights, or an appropriate negative statement.	VII.A.1.c.

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VI.A.2	To the extent known to the company, state whether the company is directly or indirectly owned or controlled by another corporation(s), by any government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote. A description of any measures in place to ensure that: 1.all transactions and relationships between the company and such controlling corporation(s), government or other person(s) are, and will be, at arm's length and on a normal commercial basis; and 2.such controlling corporation(s), government or other person(s) will not exercise their control against the interests of the company. Where there are no such measures in place a statement to this effect must be made.	VII.A.3.
VI.A.3	Describe any arrangements, known to the company, the operation of which may at a subsequent date result in a change in control of the company.	VII.A.4.

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VI.B	<u>Related Party Transactions:</u> Provide the information required below for the period since the beginning of the company's preceding three financial years up to the date of the document, with respect to transactions or loans between the company and (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company; (b) associates; (c) to the extent known to the company, individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the company, and close members of any such individual's family; (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the company, including directors and senior management of companies and close members of such individuals' families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the company and enterprises that have a member of key management in common with the company. Close members of an individual's family are those that may be expected to influence, or be influenced by, that person in their dealings with the company. An associate is an unconsolidated enterprise in which the company has a significant influence or which has significant influence over the company. Significant influence over an enterprise is the power to participate in the financial and operating policy decisions of the enterprise but is less than control over those policies. Shareholders beneficially owning a 10% interest in the voting power of the company are presumed to have a significant influence on the company. 1. The nature and extent of any transactions during the preceding or current financial year or presently proposed transactions which are material to the company or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the company or any of its parent or subsidiaries was a party. Where such transactions were concluded in the course of previous financial years and have not been definitively concluded, information on those transactions must also be given (in particular any special reports of the auditors on those transactions). 2. The amount of outstanding loans (including guarantees of any kind) made by the company or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.	VII.B

CESR PROPOSAL		IOSCO IDS ref
VII	<u>Financial information concerning the issuer's assets and liabilities, financial position and profits and losses</u>	VIII
VII.A	<u>Consolidated Statements and Other Financial Information</u> The document must contain consolidated financial statements (where consolidated statements are prepared). Any financial statements contained in the prospectus (whether consolidated or own accounts) must be audited by an independent auditor and accompanied by an audit report, comprised of: (a) balance sheet; (b) profit and loss account; (c) statement showing either (i) changes in equity other than those arising from capital transactions with owners and distributions to owners; or (ii) all changes in equity (including a subtotal of all non-owner items recognized directly in equity); (d) cash flow statement; (e) accounting policies; (f) related notes and schedules required by the comprehensive body of accounting standards pursuant to which the financial statements are prepared	VIII.A.1.
VII.B	<u>Notes to the accounts</u> The notes to the accountant's report and comparative table must, as a minimum cover: a) the last balance sheet; and b) the profit and loss accounts and cash flow statements (or source and application of funds statements) for all periods included in the accountants report or comparative table.	
VII.C	<u>Standard of account preparation</u> The document should include comparative financial statements that cover the latest two financial years, audited in accordance with a comprehensive body of auditing standards.	

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VII.D	<u>Own versus consolidated accounts</u> If the company prepares consolidated annual accounts only, it shall include those accounts in the prospectus. If the company prepares both own and consolidated annual accounts, it shall include both sets of accounts in the registration document. However, the company may include either the own or the consolidated annual accounts, on condition that the accounts which are not included do not provide any significant additional information.	
VII.E	<u>True and fair view</u> If the own or consolidated annual accounts do not comply with the Council Directives on undertakings' annual accounts and do not give a true and fair view of the issuer's assets and liabilities, financial position and profits and losses, more detailed and/or additional information must be given. In the case of issuers incorporated in a non-member state which are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.	
VII.F	<u>Auditing of accounts</u>	
VII.F.1	A statement that the annual accounts of the company for the last two financial years have been audited. If audit reports on any of those accounts have been refused by the official auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers shall be reproduced in full and the reasons given.	VIII.A.3.
VII.F.2	Indication of other information in the prospectus which has been audited by the auditors.	
VII.F.3	Where financial data in the prospectus is not extracted without material adjustment from the company's audited accounts the company must state the source of the data and state that the data is unaudited.	
VII.G	<u>Age of latest annual accounts</u>	
VII.G.1	The last year of audited financial statements may not be older than 15-18 months from the date of the prospectus; provided, however, that in the case of the company's initial public offering or admission to trading on a regulated market, unless the host country regulator permits otherwise, the audited financial statements also shall be as of a date not older than 12 months from the date of the prospectus. In such cases, the audited financial statements may cover a period of less than a full year.	VIII.A.4.

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VII.H	<u>Interim financial statements</u>	
VII.H.1	If the document is dated more than nine months after the end of the last audited financial year, it should contain consolidated interim financial statements, which may be unaudited (in which case that fact should be stated), covering at least the first six months of the financial year.	VIII.A.5.
VII.I	<u>Legal and arbitration proceedings</u> Provide information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware), including those relating to bankruptcy, receivership or similar proceedings and those involving any third party, which may have, or have had in the recent past (covering at least the previous 12 months), significant effects on the company and/or group's financial position or profitability. This includes governmental proceedings pending or known to be contemplated.	VIII.A.7.
VII.J	<u>Significant change in the company's financial or trading position</u> A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.	VIII.B.
VIII	<u>Additional information</u>	
VIII.A	<u>Share Capital</u>	X.A.
	The amount of the issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics: the part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.	X.A.1.
VIII.B	<u>Memorandum and Articles of Association.</u>	
VIII.B.1	Indicate the register and the entry number therein, if applicable, and Describe the company's objects and purposes and where they can be found in the memorandum and articles.	X.B.1.
VIII.D	<u>Statement by Experts</u> Where a statement or report attributed to a person as an expert is included in the document, provide such person's name, business address and qualifications and a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of that person, who has authorised the contents of that part of the document.	X.G.

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V.III.E	<u>Documents on display</u> A statement that for the life of the registration document following documents (or copies thereof), where applicable, may be inspected: (a) the memorandum and articles of association of the issuer; (b) any trust deed of the issuer; (c) each document mentioned in paragraphs VIII.C (material contracts) ((b)) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the registration document; (d)(c) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document. The company shall provide an indication of where the documents concerning the company which are referred to in the document may be inspected, by physical or electronic means	X.H.