



Committee of European Securities
Regulators
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6 February, 2002

Addendum to the CESR-Consultation Paper on possible Level 2 Implementing Measures for the Prospectus Directive (Ref. CESR/185-b)

Dear Sirs,

The German Savings Banks and Giro Association (*Deutscher Sparkassen- und Giroverband e.V. - DSGV*) appreciates the opportunity to comment on the Addendum to the CESR-consultation paper on technical implementing measures for the proposed Prospectus Directive.

The DSGV is the national association of the German Savings Banks Financial Group. The Savings Banks Financial Group consists of Sparkassen (Savings Banks), Landesbanken (Regional Banks), Landesbausparkassen (Regional building and loan associations), public insurance companies and the DekaBank being the central institution of the Savings Banks Financial Group in the investment fund sector. In 2001 Sparkassen and Landesbanken handled 46 % of the total business volume of all German credit institutions having a market share of 40 % in the financing of small and medium-sized enterprises. About 730 independent enterprises of the German Savings Banks Financial Group generated an aggregate business volume of € 2.3 trillion while employing 396.000 employees in some 20.000 branch offices. Sparkassen and Landesbanken refinance themselves primarily by

issuing debt securities. Especially Landesbanken have also significant shares in German going-public and derivative securities markets.

As a member of the German Zentraler Kreditausschuss (ZKA) DSGV has given active contribution to the common response of the ZKA to the Addendum submitted to CESR on 6 February 2002. In order to express our unreserved support to the assessments of the ZKA we enclose the ZKA response as an attachment to this letter.

From the specific German savings banks' and Landesbanken point of view we would like you to pay attention to the following issues:

- **Banks Registration Document**

We welcome CESR's decision to draw up a building block for a registration document specifically designed for banks (Annex 2). This registration document will play a key role for savings banks and Landesbanken when issuing debt securities. In view of the high degree of protection the investor of a bank debt security is rendered by means of continuous solvency and liquidity control of credit institutions pursuant to the rules of the Capital Adequacy Directive (93/6/EEC), we believe that the transparency regime for credit institutions should be significantly "lighter" than for unsupervised issuers (e. g. industrial enterprises). The banks registration document proposed by CESR takes this aspect into account - but not sufficiently. For instance, we do not see a need for credit institutions disclosing their major shareholders, related party transactions or material contracts in the prospectus. We therefore recommend to carefully consider whether the bank registration document can be more streamlined than this has been the case yet.

- **Need for a clear ranking of different types of Registration Documents**

A second point of major concern relates to the complex relationship of different registration documents which have been proposed by CESR so far.

For our credit institutions it is absolutely crucial to be able to determine the correct registration document to be used for each individual issue. For instance, a savings bank planning to issue a derivative security definitely has to know whether to draw up the required registration document on the basis of the banks building block or the derivatives building block. Regrettably CESR's recommendations do not give sufficient guideline in this respect so far. We hope you will appreciate that it is somewhat difficult for us to assess

CESR's proposals as long as there is some uncertainty about the scope of applicability of the individual building blocks.

- **Need for a second round of consultation**

This leads us to the last and certainly most important topic. Having in mind the amount of substantial input given by market participants on CESR proposals so far, we believe, that it is absolutely necessary to launch a second round of consultation before CESR presents its final proposals to the Commission. We are fully aware of the time constraints the CESR working group is currently exposed to. However, we believe, that the quality of level 2 implementing measures is such an important goal that it should not be impaired by any time pressure. As we have already done in our comments on the first CESR consultation paper dated 30 December 2002 we once again recommend to re-enter into discussion with the industry after CESR has evaluated all comments received during the first round of consultation. In this respect we fully support any of CESR's efforts to achieve an appropriate extension of the deadline set up by the Commission for the presentation of CESR's recommendations under the first mandate (31 March 2003 so far).

Should you have any further queries, please do not hesitate to contact us personally.

Yours sincerely,

Deutscher Sparkassen- und Giroverband e.V.

Dr. Lars Röh