



Milan, April 14th, 2004

Dear Sirs,

We are writing to submit our comments related to the forthcoming "Guidelines for the consistent implementation of the proposed Commission Regulation on Prospectus". We will focus our contribution on the *Summary Note* production.

As the *Summary Note* is specifically addressed to non-professional investors, we do consider the document to be fully understandable in order to achieve investor protection and transparency, the two principle that have inspired the Prospectus Directive. To this regard the Summary Notes should always guarantee a high quality level whenever its production is required. It is our understanding that in certain cases the rules of the new Prospectus Directive would need additional clarification to meet such a goal.

These cases basically refer to Summary Notes not included in Prospectuses and prepared after a long period since the relevant Prospectus publication, and Summary Notes related to non-equities securities.

TLX s.p.a.

TLX S.p.A. is the management company of a newly established Italian Regulated Market called TLX authorised by Consob and launched on 20 october 2003. The market would like to offer a broad range of financial instruments addressed to the specific needs of retail segment.

In particular the aim is to became a trading platform for fixed income instruments (plain vanilla and structured) that at present are offered to retail investors mainly OTC. The two values that the market would like to offer to the intermediaries and their retail clients are:

- transparency (pre and post trade and 5 level book info available real time at no cost via TLX web site; term sheet: one page doc. with the essential characteristics and risks associated with the financial instrument)
- liquidity (guaranteed by at least one market maker for each instrument).

Please refer to TLX website (www.eurotlx.com) for more info.

Our View - Issues to be considered into the CESR Guidelines

1) The updating of the Summary Note information in case of securities already admitted to trading in another regulated market

Under the article 4(2), paragraph h) of the Prospectus Directive ("Exemptions from the obligation to publish a prospectus") an exemption from the Prospectus publication is admitted when the person applying for the admission in a regulated



market of a security already admitted to trading in another regulated market fulfils the obligation to publish a Summary Note. With regard to the contents of this summary document, the same article only states that the Summary Note has to comply with the Article 5(2) (the general principles for the Summary Note) and point out where the most recent prospectus can be obtained and where the financial information published by the issuer pursuant to his ongoing disclosure obligation is available.

Moreover, whereas:

- a) The Article 5(2) refers to the Summary Note to be included into the Prospectus;
- b) In case of the exemption under the Article 4(2), paragraph h), the relevant Summary Note is very likely to be prepared after a long period since the last Prospectus publication (at least 18 months);
- c) At the same time, given this long period, an updating of the prospectus information is quite likely to be needed;
- d) Under the Article 6(2) the contents of the summary note have to be consistent with the other parts of a prospectus;

We would be grateful if you could clarify:

- 1) Whether in the case mentioned above the contents of the prospectus, if not valid any more, *can* or *has to* be updated into the summary note;
- 2) If so, whether this formal inconsistency with the prospectus has to be highlighted into the Summary Note;
- 3) If so, whether this formal inconsistency with the prospectus is under the civil liability exemption stated into the Article 6(2).

2) The value of “minimum information” elements described into the Annex IV of the Prospectus Directive and its balance with the general principles regarding the Summary Notes and the provisions of the Proposal for the Commission Regulation

The mentioned Annex IV points out a list of items, which *at least* should be included into the summary note. The number of these items is very high and is unlikely to be covered by complying with the 2500 words limit.

These items also seem to refer to the issuer and to equities only. Especially in case of bonds, the achievement of a full and brief disclosure of risks associated with the securities could become more difficult by a formal consistency with this list of items.

Whereas:

- a) While the Article 5(2) of the Prospectus Directive states general requirements for the contents of the Summary Note (“the summary shall, in a brief manner and in non-technical language, convey the essential characteristics and risks associated with the issuer, any guarantor, and the securities”), the Annex IV of the same Directive points out a list of specific items, which “*at least*” should be included into the Summary Note;
- b) The number of items that should be included under the mentioned Annex IV is very high and unlikely to be covered by complying with the 2500 words limit;

- c) In essence, these items focus on the characteristics and risks associated with the issuer and equities only. They do not cover, at least with the same level of detail, characteristics and risks associated with the issuance and the instrument. Moreover, some of the items included in the list of the Annex IV are relevant if related to equities, much less in case of non-equities securities (e.g. the following items: Directors, senior management and employees; Plan of distribution; Selling shareholders);
- d) We fear that in certain cases related to non-equities securities, a full achievement of the general objectives that inspire the Summary Note Production (see The Article 5(2) of the Prospectus Directive) could be more difficultly reached by an approach formally consistent with the list of items included in the Annex IV;
- e) The article 24 of the Proposal for the Commission Regulation published in January provides that the persons asking for the admission of securities to trading on a regulated market should have the freedom to determine the detailed content of the Summary Note, in accordance with the general principles of the Directive;

We would be grateful if you could clarify:

- 1) Whether the list of items included in the Annex IV of the Prospectus Directive is always binding or, on the contrary, is only an example;
- 2) If such a list of items is binding, whether the applier is allowed to follow a different order rather than the one proposed in the Annex IV.

3) The value of “minimum information” elements described into the Annex IV of the Prospectus Directive in case of securities already admitted to trading in a regulated market before the date of entry into force of the Prospectus Directive

This issue is really relevant only if the list of items included in the Annex IV of the Prospectus Directive is binding. If so, it is not clear which information the person asking for the admission to trading in a regulated market of securities already admitted to trading in another regulated market before the date of entry into force of the Prospectus Directive has to insert in the Summary Note when the relevant Prospectus does not include the disclosure of items mentioned in the Annex IV.

Whereas:

- a) Under the article 4(2), paragraph h) of the Prospectus Directive it is allowed to ask for the admission to trading in a regulated market of securities already admitted to trading in another regulated market before the date of entry into force of the Prospectus Directive;
- b) In such a case, an exemption from the Prospectus publication is admitted when the applier fulfils the obligation to publish a Summary Note;
- c) In the same case the relevant Prospectus, being made in accordance with the requirements of Directive 80/390/EEC or Directive 2001/34/EC, is likely not to cover all the items included into the list of the Annex IV of the new Prospectus Directive;
- d) If such a list of items is binding;



We would be grateful if you could clarify:

- 1) Which information have to be disclosed into the Summary Note with regard to the items included into the list of the Annex IV of the new Prospectus Directive but not inserted into the relevant Prospectus;
- 2) In case some items included into the list of the Annex IV of the new Prospectus Directive but not inserted into the relevant Prospectus are available to the public or to the applier only, whether the applier has to include such additional information into the Summary Note.

If you have any questions, please do not hesitate to contact Mr. Stefano Cuccia (phone number: ++39 02 30301422 – e-mail address: supervision@eurotlx.com).

Yours faithfully,

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Managing Director
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