



WARSAW STOCK EXCHANGE

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Response of the Warsaw Stock Exchange in relation to CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses

The Warsaw Stock Exchange would like to present the following remarks concerning the CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses:

The directions concerning the implementation of the Prospectus Directive will definitely contribute to the creation of uniform standards in that area within the Member States market. This, as we see it, will have a very positive effect on the transparency of the integrated financial market and on the possibility of it being used by issuers from all member states, including those recently admitted to the EU.

The Warsaw Stock Exchange would like to particularly praise and support the CESR's efforts towards achieving the expected results.

Keeping in mind the above, we would like to call attention to several issues concerning particularly non-financial information, the analysis of which could be used for introducing modifications to the document in question.





IV Non-financial information items

1.1 Specialist issuers

In our opinion, in case of issuers conducting business in specific sectors such as real estate, excavation of natural resources, investment, scientific research and ship-owners or issuers conducting business for less than three years, the unconditional requirement concerning preparation and inclusion in the prospectus of an expert valuation, which the question addresses, may seem as going too far.

The issued prospectus of the company selling its securities on a public market is drawn up in such a way so that it presents all the relevant information necessary for investors to make a fair assessment of the attractiveness of investment in the particular company. Thus, in the case of making a solid assessment of the investment attractiveness of the issuer, preparation of additional reports and valuations of relevant assets of issuers are necessary. It could be presumed that such materials will be contained in the prospectus. In consequence to the above statement, within the scope of question 189, we hereby respond in favour of option IV; i.e. the discretionary character of the inclusion of the expert valuation in the prospectus.

Additionally, we would like to draw attention to the fact that introduction of such a requirement may significantly increase the cost of the issue and decrease the attractiveness of capital markets against alternative sources of capital for issuers.

Attention should also be paid to the fact that the cost of preparation of the possible expert opinion will be borne by the issuer. In the situation when the issuer is the party financing the opinion, a conflict of interest may arise as to the actual independence of such an opinion (document).

At the same time a question arises as to the subject that could prepare such the opinion in the case of companies conducting business for less than three years. Obtaining a reliable and credible expert opinion on the long-term plans presented in the prospectus may be impeded due to the natural unpredictability of the market situation, the fact to which CESR so rightly draws attention to in its recommendation.

In relation to the above, we would like to propose that discretion is left to the issuers specifically defined in the document as to the preparation of an additional expert valuation of the issuers assets, and that a possible detailed regulation of this matter remains in the competences of the regulator of the particular market. As a consequence, the Warsaw Stock Exchange does not see the need for defining the content of such valuations in the manner presented in question 190.

Yours sincerely