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**PRESS RELEASE**

**CESR SUBMITS FINAL ADVICE ON THE CONTENT AND FORMAT OF PROSPECTUS**

The likelihood that investors will soon witness a new standardised format for prospectus for all European securities, drew closer today with the submission of CESR's final advice to the European Commission. The advice follows a consultation by CESR with industry on the minimum information to be provided in a prospectus; including, a 'roadmap' to help firms identify what information is required for the offer or admission to trading of different types of security in the EU; specific proposals for the format of the prospectus and, a requirement on issuers to disclose annually information if admitted to trading on a regulated market.

CESR's final advice to the European Commission sets out the agreed:

- **Minimum information to be included in any EU prospectus:** CESR proposes disclosure requirements related to schedules for derivative securities, offering programmes, wholesale debt securities and a proposal for minimum disclosure requirements for equities when they are linked to some other product such as an underlying instrument.
- **Format of the prospectus:** The Directive allows the prospectus to be composed of three separate documents (registration document, securities note and summary) or by a single document. It also offers the possibility to use a base prospectus. CESR sets out in more detail how the prospectus should be drawn up, both in relation to prospectus in a single document format and those which adopt the format of a base prospectus and supplements. For example, a single document prospectus should begin with a summary followed by the risk factors, and a clear and detailed table of content, beyond this, there is freedom to present information in any order. Furthermore, to ensure it is practical and easy for companies wishing to make a public offer or have its securities admitted to trading, CESR provides a practical manual in the form of a 'roadmap' to help firms identify what information is needed for each type of security and for each format of prospectus.
- **Annual information:** CESR's advice proposes that annual information can be published in paper or electronic format and released either on the issuers' website or, the website of the relevant regulator. Where appropriate, publishing this document can be delegated to the regulated market itself. There will be a deadline of fifteen business days to file this document with the competent authority.

CESR's consultation with industry has resulted in a number of changes to CESR's final submission to the European Commission including for example, the decision:

- to allow most non-equity securities including warrants in any form (with some exceptions), to be included in the same base prospectus. This base prospectus covers most of the products issued in an offering programme and enables a large majority of issuers to use one base prospectus only.



- that issuers should indicate in the prospectus where information can be obtained about past and potential performance of the underlying product and its volatility.
- to extend the wholesale regime to derivative securities that have no denomination.

All responses to the consultation and an indication of how CESR has decided to take forward comments are included in the feedback statement also published today.



#### Notes for Editors:

1. These measures are being developed on the basis of a provisional mandate given to CESR by the European Commission published on March 2002, an additional provisional mandate was published on 7 February 2003.
2. Under these mandates, CESR has been asked to widely consult all interested parties according to the principles set out in the Final Report of the Committee of Wise Men and to provide its advice to the Commission on the appropriate measures by three different deadlines: 31 July 2003, 30 September 2003 and 31 December 2003. The submission of this package of final advice completes the technical measures requested by 30 September.
3. The Prospectus Directive was adopted by the Council of Ministers (on 15 July 2003) and by the European Parliament (on 2 July).
4. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
  - Improve co-ordination among securities regulators;
  - Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
  - Work to ensure more consistent and timely day to day implementation of community legislation in the member states.
  - The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the Final Report of the group of Wise Men on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.
5. Each Member State of the European Union has one member on the Committee. The members are nominated by the Members States, and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level. The following eight Authorities of the Candidate Countries joined CESR in 2003 with observer status: the Cyprus Securities and Exchange Commission, the Czech Securities Commission, the Estonian Financial Supervision Authority, the Hungarian Financial Supervisory Authority, the Lithuanian Securities Commission, the Malta Financial Services Authority, the Slovakian Financial Market Authority and the Slovenian Securities Market Agency.
6. 'Implementing measures' form part of the four level approach to European legislation for financial services proposed in the report by the working group chaired by Baron Lamfalussy (available on the CESR website as described in paragraph 6). The four level approach can be summarised very briefly as follows: Level one sets out the high level objectives that the legislation must achieve, through Regulations or Directives adopted in co-decision by the European Parliament and the Council of Ministers. Level two measures, adopted by the European Commission, set out technical requirements necessary to implement level 1 provisions where foreseen. Level three is intended to ensure common and uniform implementation by the use of common standards, recommendations or guidance agreed amongst regulators in CESR. Level four concerns the enforcement of EU legislation.



Page 8 of the Lamfalussy report illustrates diagrammatically how these four levels fit together. The Level 2 ‘implementing measures’ including the conditions for their adoption are described in more detail on page 31 of the report.



7. The Members of the Consultative Working Group for this work on Prospectus are:

Ms Ann Fitzgerald, Irish Association of Investment Managers, Secretary General, Ireland  
Mr Daniel Hurstel, Willkie, Farr & Gallagher, International Bar Association's Issues and Trading  
in Securities Committee, France  
Mr Jaap Winter, Unilever, Netherlands  
Ms Kaarina Stahlberg, Nokia, Finland  
Mr Lars Milberg, Shareholder Ombudsman (shareholder association), Sweden  
Mr Pierre Lebeau, Petercam, Belgium  
Mr Regis Ramseyer, Certified Internal Auditor of the Institute of Internal Auditors, Luxemburg  
Mr Stefano Vincenzi, Mediobanca, Italy  
Mr Torkild Varran, Avanse Forvaltning (investment-fund), Norway  
Mr Victor Pisante, EFG Eurobank-Ergasias, S.A., Greece  
Mr Wolfgang Gerhardt , Sal. Oppenheim Jr and Cie, Germany.

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