



Date: 8 January 2004

Ref.: CESR/03- 528

**PRESS RELEASE**

**CESR SUBMITS TO THE EUROPEAN COMMISSION ITS FINAL ADVICE ON THE  
CONTENT OF PROSPECTUS AND DISSEMINATION OF ADVERTISEMENTS**

CESR submits its final (and third) package of advice on the Prospectus Directive to the European Commission. The advice follows a consultation by CESR with market participants on the minimum information to be provided in a prospectus, with special reference to the historical financial information to be included in a prospectus and on the dissemination of advertisements.

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

- **Minimum information to be included in any EU prospectus, in particular adding new schedules:** CESR proposes technical implementing measures related to schedules applicable to securities issued by Member States, Non-EU States and their regional or local authorities, by public international bodies and, if legally possible, by collective investment undertakings of the closed-end type.
- **Minimum information to be included in any EU prospectus: historical financial information.** The final proposal on historical financial information both for EU and non-EU issuers is also delivered in this advice. CESR had already published its proposals in this area in July and September package of advice but due to the complexity of the matter it decided to take advantage of the last consultation to gather more input from the market
- **Dissemination of advertisements:** CESR proposes technical advice in relation to possible implementing rules concerning the dissemination of advertisements announcing the intention to offer securities to the public or the admission to trading.

After considering the responses received to the consultation, CESR has amended its initial proposals. The most significant changes are described below:

- A separate schedule for public international bodies has been produced based on the states' schedule. The decision to adopt a similar approach to that of sovereign issuers is driven by the fact that their risk profiles are more similar to sovereign issuers, despite being structurally similar to corporates.
- In relation to the accounting principles used to prepare the historical financial information, CESR's final advice has introduced three main changes to the proposal released in July's consultation paper.
  - In relation to the 'restatement rule', under which the historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements, CESR advice recommends, almost unanimously, that debt issuers should restate only one year of accounts when there is a change in the accounting principles instead of two years which is the case for equity issuers.
  - Regarding the transition to IAS, CESR has proposed in its advice to the Commission, a transitional provision to make it clear that issuers should not be under an obligation to produce IAS numbers in the prospectus for any period earlier than 1st January 2004. In the case of national provision set in accordance with Article 9 of Regulation 1606/2002 (IAS Regulation) the obligation to produce IAS numbers should not be earlier than 1st January 2006.



- In relation to third countries' issuers, CESR proposes some transitional arrangements that will allow non-EU companies using internationally accepted standards to continue to do so until 2007. In addition, non-EU issuers having securities already admitted to trading on a regulated market, will be required to include IAS accounts in their prospectuses only when obliged to report under IAS by the future transparency directive. CESR also recommends that in due course and in consistency with the future Transparency Directive, a procedure to evaluate equivalence of non-EU-GAAPs be set up by the Commission.
- Finally, in relation to the dissemination of advertisements announcing the intention to offer securities to the public or the admission to trading, CESR advises that all means of dissemination should be permitted.

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. These mandates have been formalised on 1 October 2003, after the adoption of the Prospectus Directive.
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 31 December.
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.

8. For further information please contact:

CESR

Fabrice Demarigny  
Secretary General of CESR

**Or** Victoria Powell  
Information Officer

Tel : +33 (0)1.58 36 43 21

Fax: +33 (0)1.58 36 43 30

Email: [secretariat@europefesco.org](mailto:secretariat@europefesco.org)

Web site: [www.europefesco.org](http://www.europefesco.org)