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2007 Work Programme  
for the  
Committee of European Securities Regulators



## Introduction : areas of work

The Work Plan for 2007 presented below, reflects the marked 'shift in focus' that CESR has been undertaking since completing the submission of its advice to the European Commission on the various legislative proposals in the Financial Services Action Plan.

During the period that CESR undertook a great deal of work to provide Level 2 advice, in particular in 2005 and 2006, CESR also began to establish and build a number of operational groups. These groups are CESR-Pol, drawing together enforcement officers from across the organisations, and CESR-Fin, on financial information. CESR also developed the work of the Review Panel, whose role it is to undertake assessment exercises to establish the level of convergence and increase peer pressure. In addition, a mediation system to resolve any disputes that arise amongst supervisors, has also been established. The work within the operational groups has been accompanied by the development of a number of tools to assist convergence through databases of decisions. During 2007, the work of these 'operational groups' is going to receive even greater impetus and emphasis, with ever increasing dialogue of very day to day operational nature taking place. CESR also intends in 2007 to give a more operational focus to its work on Investment Management, building further on the Level 3 work already undertaken.

In addition, 2007 will witness the entry into force of the Transparency Directive and the Markets in Financial Instruments Directive (MiFID). CESR will continue to make every effort to converge practices in the daily application of these Directives. In this spirit, CESR will be undertaking a great deal of work, particularly in respect to MiFID, where a clear list of priorities for guidance has been established in the form of a detailed work plan developed in close discussion with market participants.

Similarly, efforts to converge practices amongst supervisors for those Directives which have now been implemented for a year, namely the Prospectus Directive and Market Abuse Directive, will receive fresh attention. During 2006, 'calls for evidence' were launched to review the functioning of these two Directives and to establish what further work needs to be done. The responses will be reviewed and action will be taken to improve further the daily application. To assist convergence in supervisory practices, in the daily application of the Prospectus Directive, CESR Members developed a 'question and answer' (Q and A) mechanism to provide responses in a timely, clear and consistent manner. Similarly, guidance was developed for the Market Abuse Directive. Where helpful or necessary, further guidance will be issued, or the 'Q and A' adapted or added to.

Further practical steps will be taken to develop a common culture and to refine and improve the process of peer pressure, both through putting in place systems to facilitate the movement of staff amongst Members and the development of a training strategy. In addition, the methodology and process used by the Review Panel will be reviewed to see in what ways it can be made more effective and powerful as a tool to increase convergence.

The work programme presented below is divided into four areas, namely:

- Markets and intermediaries;
- Financial Information;
- Policy
- Supervisory convergence and peer pressure

The joint 'Three-Level-Three Committees' (3L3) 2007 work programme, on cross sector issues, will be published by CESR, CEBS and CEIOPS in the forthcoming weeks.

## Markets and Intermediaries

### MiFID

- Input to reports from the European Commission on:
  - Pre and post transparency for bond trading
  - Capital requirements for commodities firms
  - Rules for tied agents

Rolling out the 'Level 3' Work Programme to create convergence amongst supervisors with the development of guidance on:

- Passport functioning (Home/Host)
- Best execution
- Record keeping
- Inducements
- Publication and consolidation of market transparency information
- Calculation and publication of data (liquid shares, blocs, list of internalisers, etc....)
- Transaction reporting (several aspects of practical implementation)

### TRANSACTION REPORTING EXCHANGE MECHANISM (TREM)

- Development of a transaction reporting exchange mechanism (TREM) which involves
  - Developing manuals and training
  - Instrument reference data
  - Conception of the long-term solution
  - Report to the EU Institutions

### CLEARING AND SETTLEMENT

- Based on a response from the European Commission and EU Institutions at the end of 2006, CESR (with the ESCB) will consider if any further work is necessary.

### INVESTMENT MANAGEMENT

- Follow-up work on the eligibility of indexes of Hedge funds
- Development of 'Level 3' measures on eligible assets
- Work on conduct of business rules and supervisory practices
- Evaluation of the implementation of the notification guidelines
- Implementation of a more operational focus for the group
- Follow-up of the White Paper of the European Commission
- Possible mandate from the Commission on simplified Prospectus
- Contribution to the cross sector work (through the 3 Level 3 Committees) on substitute products

### CESR-Po1

- Joint investigations through urgent issues groups
- Surveillance and intelligence work
- Market Abuse Directive - Level 3 guidance for supervisors and for the market

- Evaluation of the supervisory functioning of the MAD
- Enforcement aspects of MiFID
- Creation of a database on enforcement cases
- Uncooperative jurisdictions:
  - Bilateral contacts
  - Creation of a database of uncooperative jurisdictions in liaison with the other Level 3 Committees
- Contacts with the CFTC and IOSCO

## Financial Information

### PROSPECTUS

- On-going update of the frequently asked questions on the daily application of Directive and the Regulation
- Evaluation of the functioning of the Directive and the Regulation
- Pilot study on the transfer of vetting of prospectus (delegation)
- Follow-up on the Level 2 measures about equivalence of GAAP
- Follow-up on the Level 2 measures on complex financial histories
- Input to the cross-sector (3Level 3 Committees’) work on substitute products
- Possible Level 2 measures on documentation for take-over bids and link with the prospectus directive

### TRANSPARENCY

- Organisation of an implementation forum on the Transparency Directive
- Follow-up on the advice given to the European Commission on the storage of regulated information
- Exchange of views with the US SEC on the storage of regulated information
- Possible level 3 work to facilitate the daily application of the Transparency Directive

### CESR-Fin

- Decisions on the enforcement of IFRS
  - Sessions (10 per year)
  - Enrichment of the database of enforcement decisions
  - Publication of decisions
  - Supervisory convergence
- Equivalence of third countries’ GAAP: Follow up on the decision to delay judgement on equivalence until 2009, especially
  - Follow-up advice on US, Canada, Japan
  - Third countries GAAP assessments
- Implementing the CESR-SEC work programme on the practical cooperation of the enforcement of IFRS and US GAAP
- Report on initial IFRS implementation by EU listed companies
- Ongoing monitoring of IFRS developments and endorsement
- Monitoring of International Standards on Auditing (ISA) development and endorsement
- Checklist for enforcement of IFRS



- Specific short-term audit projects

#### **CREDIT RATING AGENCIES**

- Annual report to the European Commission on the compliance of Credit Rating Agencies with the IOSCO Code
- Monitoring of developments in the US
- Liaison with CEBS and CEIOPS

#### **Policy**

#### **ECONET**

- Develop an economic assessment of financial activities in Europe in 2006 for publication in the Annual Report
- Work to develop the bi-annual contribution to the Financial Stability Table of the Economic and Financial Committee (EFC) in March/September
- Develop an impact assessment methodology and consider how it can be applied to CESR's work and liaison with the other Level 3 Committees
- Building links with academics with an aim to improve intelligence gathering and dissemination

#### **REPORTING TO EUROPEAN UNION INSTITUTIONS**

- Annual and half-yearly report to Commission, ECOFIN and European Parliament
- Supervisory convergence report to the FSC
- Hearings in EU Parliament
- Contributions to the Inter Institutional Monitoring Group (IIMG)

#### **THE GLOBAL DIMENSION**

- Work programme with the SEC:
  - On IFRS
  - Exchange of experience on storage and risk based approaches
- Work programme with the CFTC:
  - Transparency
  - Common formats
- Enforcement cooperation dialogue: Swiss/Liechtenstein
- Accompanying European Union's cooperation policy: Russia/China/India/Brazil
- Provide assistance to the consultative group of Non EEA countries (Turkey, Croatia, Serbia, Montenegro,...)

#### **ENGAGING RETAIL INVESTORS MORE EFFECTIVELY IN CESR'S CONSULTATION PROCESSES AND INVESTOR INFORMATION**

- Development of an investor corner on the website which will provide investors with some useful information on regulators and investor warnings and things to consider when buying cross border.
- Annual investor day

#### **Supervisory Convergence/Peer Review**

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**REVIEW PANEL**

- Mapping of supervisory powers for the implementation of MAD and Prospectus Directive
- Review of the implementation of the simplification procedure for UCITS notification
- Revision of existing CESR standards, guidelines and recommendations
- Updating of previous reviews
- Development of a protocol and improvement of the methodology for the work of the Panel
- Refinement of the Review Panel IT-Tool

**MEDIATION**

- Treatment of mediation cases
- Reporting to EU institutions

**COMMON SUPERVISORY CULTURE**

- Development of exchange of staff between CESR members
- Development of training of staff: feasibility study on a long-term strategy
- Restructuring of CESR's website to better reflect the work of CESR at Level 3 and to undertake its new responsibilities as set out in Directives, as well as, promoting and delivering information which assists in converging practices and supervisory implementation on a day-to-day basis.