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PRESS RELEASE

CESR re-assesses application of its Standard No. 1 on financial information in Europe

CESR publishes today an updated self-assessment and peer review (Ref. CESR/09-374) on the application and implementation of CESR's Standard No. 1 on financial information by EU National Enforcers. This report updates the findings of an earlier peer review (Ref. CESR/06-181) conducted in 2006, on the basis of the same criteria.

The update of Standard No.1 has been conducted in the form of a self-assessment, followed by a peer review undertaken by the Review Panel, CESR's peer pressure group. The purpose of this work is to achieve greater supervisory convergence, market transparency, efficiency and market integrity.

CESR's Standard No. 1 was first published in March 2003 and sets out 21 principles which should contribute to achieving a common approach to the enforcement of standards on financial information which is considered an effective and important tool in securing efficient capital markets and an actual level playing filed within the European Union. In particular, the Standard gives a precise meaning to the notion of enforcement, clarifies what type of bodies can be "enforcers", and how they should carry out their work (including what powers the body should have, who should be ultimately responsible, and what independence means in that context). In addition, the Standard sets out the type of financial information the principles of enforcement should apply to, and what the methods of enforcement should be (for instance, in terms of procedures to follow, the most appropriate way to select issuers and documents for review, or the kind of checks to apply). Finally, it clarifies in some detail what actions should be taken once a material misstatement is detected, points out that "enforcers" have to co-ordinate their decisions both ex-ante and ex-post, and stresses that they must periodically report to the public (including a prescription about the ways to do this).

Carlos Tavares, Chair of the Portuguese Comissão do Mercado de Valores Mobiliarios (CMVM) and Vice-Chair of CESR and Chair of the CESR Review Panel, stated:

> *"The publication of today's re-assessment of CESR's Standard No. 1 shows the progress made in achieving convergence on how national enforcers apply CESR's Standard No. 1 on the enforcement of standards on financial information. This is quite an important instrument to ensure that investors across Europe are provided with comparable standards of high quality information upon which to base their decisions.*
>
> *This work is one further contribution by, and an example of, the Review Panel's role in acting as a peer pressure group. By increasing transparency of implementation, CESR identifies those areas where efforts to convergence are still needed and where peer pressure should continue to be applied in order to adopt best practices and achieve an appropriate standard of convergence.*

A comparison between the results of the current re-assessment and the findings in 2006, reveals that the overall compliance with the Standard has increased compared to 2006, but, at the same time, that further harmonisation is needed. The results also show that the work of CESR's Review Panel does effectively contribute to changes in the Members' jurisdictions, improving compliance and delivering greater convergence over time."

Overall application of Standard No. 1 has increased

The work carried out by the Review Panel shows that (see the table in the annex for more details):

- less than half (45%) of the 29 EU National Enforcers fully apply Standard No. 1 on financial information, and 6% of the enforcers either did not apply the Standard or did not contribute to the review;

- in contrast, more than half of the Member States self-assessed themselves as having fully implemented the Standard;

- concerning the effort made since the previous assessment of implementation in 2006, eight EU National Enforcers were assessed as 'fully implementing' in 2006, and five further enforcers were peer-reviewed with this result in 2008, showing some degree of improvement since the first peer review was carried out;

- taken individually, all Principles of Standard No. 1 used for the overall rating are fully applied by at least 69% of the Member States; and

- from the seven Member States which partially implemented Standard No.1 in the 2006 peer review, one jurisdiction has been upgraded to a 'fully implemented' status.

CESR will continue to liaise with EU National Enforces on further convergence

Based on these findings, CESR will continue the dialogue with the EU National Enforcers on whether compliance with, and implementation of the Standard can be further improved and how convergence can be enhanced. Following CESR's peer review methodology (set out in Ref. CESR/07-071b), the information provided by CESR Members can be updated on a regular basis. CESR therefore will assess whether a full re-assessment of the updated information might be appropriate.

Notes for editors:

1. Generally, it should be noted that enforcement of financial information is not necessarily always the responsibility of the CESR Member as in some Member States, this responsibility is shared with another authority which does not belong to CESR.

2. 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; and
     - 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 (the so-called Lamfalussy report). The report itself was endorsed by the European Council and Parliament. The relevant documents are available on the CESR web site.

3. Each Member State of the European Union has one member in the Committee. The members are nominated by the Member States and are the heads of the national public authorities competent in the field of securities. The European Commission has nominated as its representative the Director General of the DG MARKT. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level.

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ANNEX

Results of the peer review and the self-assesssment (as of 30 September 2008)

Application of the Principles overall		**Overall assessment of the principles' application**	**Percentage of all 29 Members**	
Peer review	**Self-assessment**		**Peer review**	**Self-assess ment**
13 Member States (Belgium, Denmark, Finland, France, Greece, Ireland, Italy, Latvia, Norway, Poland, Portugal, Spain, UK)	**15 Member States** (Belgium, Denmark, Finland, France, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Norway, Poland, Portugal, Spain, UK)	**Fully applied**	45 %	52 %
4 Member States (Cyprus, Hungary, Malta, Netherlands)	**4 Member States** (Cyprus, Hungary, Lithuania, Netherlands)	**Partially but significantly applied**	14 %	14 %
10 Member States (Bulgaria, Czech Republic, Estonia, Germany, Lithuania, Luxembourg, Romania, Slovakia, Slovenia, Sweden)	**6 Member States** (Bulgaria, Germany, Romania, Slovakia, Slovenia, Sweden)	**Partially applied**	34 %	21 %
1 Member (Austria)	**1 Member** (Austria)	**Not applied**	3 %	3 %
3 Members (Czech Republic*, Estonia*, Iceland**)	**3 Members** (Czech Republic, Estonia, Iceland)	**No contribution**	3 %	10 %
Total		-	100 %	100 %

* Member which did not contribute in 2008, but was assessed on the basis of the contribution in 2006. The Member from Estonia submitted for review its self assessment on 13 April 2009 indicating that it fully implemented Standard No. 1. However, due to the late arrival of the Estonian contribution, the information provided could not be taken into account in the peer review which was based on the communications provided by CESR Members between July and September 2008.

** Member which never contributed and could therefore not be assessed.