



PRESS RELEASE

ESMA establishes a framework for third country prospectus and applies this new framework to facilitate Israeli issuers access

The European Securities and Markets Authority (ESMA) has published a statement which sets out a framework, (ESMA/2011/36) <http://esma.europa.eu/popup2.php?id=7517>, on the way in which third country issuers in general, can meet the requirements of the PD. The framework allows prospectuses from non-EU countries, drawn up in accordance with third country legislation, to have a 'wrap' added, so that the resulting document meets the requirements of the EU Directive.

ESMA also announces today, in a Statement (ESMA/2011/37) <http://esma.europa.eu/popup2.php?id=7518>, that Israeli issuers may list their prospectus for shares on any EU regulated market, on the basis of a prospectus drawn up in accordance with Israeli regulation, with the addition of a 'wrap' which contains a number of supplementary disclosures. The new framework will ensure that Israeli prospectuses meet the requirements of the EU's Prospectus Directive (PD), enabling EU investors to continue to enjoy equivalent levels of protection in receiving similar information in considering offers from third country issuers.

ESMA's Vice Chair, **Carlos Tavares** noted

"The important work to develop a framework for third country prospectuses highlights ESMA's strong commitment to harmonised application of the Prospectus Directive in a consistent manner across Europe. It is widely recognized that deep liquid markets with greater investor choice can greatly benefit the global economy when implemented in a way that ensures investor confidence is maintained. We welcome the close co-operation we have had with the Israeli Securities Authority in understanding their prospectus requirements and we are confident that the additional information provided will greatly benefit EU investors."

Following the announcement, the Israeli Minister of Finance, Dr. Yuval Steinitz said

"EU standards are a benchmark around the world and I warmly thank ESMA and the member authorities for the work they have done during their assessment of Israeli prospectus regulation. The recognition of Israeli standards creates a strong opportunity for Israeli issuers and I hope will bring real benefits to exchanges and investors in Israel and the EU."

The Chairman of the Israel Securities Authority, **Prof. Zohar Goshen** added

"The Israeli market has today taken an important step forward in facilitating the access to funding for Israeli firms in Europe. We continue to place great importance and value on the effective regulation and supervision of prospectuses as a key means of increasing investor confidence and greatly welcome this development and the close dialogue we have had with ESMA which has ensured greater understanding of our regulatory regime."



Most of the differences found between Israeli and EU disclosure requirements reflect varying market conditions in the EU and Israel and the policy decisions taken by each authority. This fact is reflected in ESMA's announcement setting out its methodology which states:

(...) This arrangement is not a comment on third country prospectus regimes but recognition of the potential for differences between those regimes and the PD. The framework allows a third country prospectus to have a 'wrap' added to it so that the resulting document meets the requirements of the PD.”
(ESMA/2011/36)

ESMA's announcement will be of great value to Israeli issuers for whom a listing in the EU can increase their exposure to a wider set of investors, benefit their businesses and increasing the liquidity of their shares. This announcement will also ease the process by which Israeli issuers may list on one EU regulated market and then passport that listing to other markets across the whole of the EU. EU retail investors will also benefit from a wider offer of securities, whilst ensuring the confidence of having the additional provisions of information.

In order to facilitate listing in the EU and help Israeli issuers deal with the practicalities of entering EU markets, the ISA will seek to complete a series of bilateral MoUs with various EU national regulators, beyond the ones already completed.



Notes for editors

1. ESMA is an independent EU Authority that was established on 1 January 2011 according to EU Regulation No. 1095/2010 as published on December 15, 2010, in the Official Journal of the European Union (L 331/84). The Authority contributes to safeguarding the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. In particular, ESMA fosters supervisory convergence both amongst securities regulators, and across financial sectors by working closely with the other European Supervisory Authorities competent in the field of banking (EBA), and insurance and occupational pensions (EIOPA).
2. ESMA's work on securities legislation contributes to the development of a single rule book in Europe. This serves two purposes; firstly, it ensures the consistent treatment of investors across the Union, enabling an adequate level of protection of investors through effective regulation and supervision. Secondly, it promotes equal conditions of competition for financial service providers, as well as ensuring the effectiveness and cost efficiency of supervision for supervised companies. As part of its role in standard setting and reducing the scope of regulatory arbitrage, ESMA strengthens international supervisory co-operation. Where requested in European law, ESMA undertakes the supervision of certain entities with pan European reach.
3. ESMA also contributes to the financial stability of the European Union, in the short, medium and long-term, through its contribution to the work of the European Systemic Risk Board, which identifies potential risks to the financial system and provides advice to diminish possible threats to the financial stability of the Union. ESMA is also responsible for coordinating actions of securities supervisors or adopting emergency measures when a crisis situation arises.
4. ESMA replaced the Committee of European Securities Regulators (CESR), an advisory body comprised of EU securities regulators that advised the European Commission from 2001 to 2010 on policy issues around securities legislation.

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