

Ref: CESR/03-162

DRAFT

ANNEXES TO THE TECHNICAL ADVICE

(Ref: CESR/03-162)

June 2003

Mandate from the European Commission



EUROPEAN COMMISSION
Internal Market DG

Brussels, 31 January 2003
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Orig.

**ADDITIONAL PROVISIONAL MANDATE TO CESR FOR TECHNICAL ADVICE ON
POSSIBLE IMPLEMENTING MEASURES CONCERNING THE FUTURE DIRECTIVE ON THE
PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR
ADMITTED TO TRADING**

This additional provisional mandate to CESR supplements the first provisional mandate on prospectuses of 18 March 2002. The present mandate follows the agreement on implementing the Lamfalussy recommendations reached with the European Parliament on 5 February 2002. In this agreement, the Commission committed itself to a number of important points, including increasing transparency. For this reason, this request for technical advice will be made available on DG Internal Market's web site once it has been sent to CESR.

The initial provisional mandate of 18 March 2002 remains valid for the areas which have not been subject to change or are not revoked by the present mandate. The initial provisional mandate is completed by this additional provisional mandate.

This additional provisional mandate for technical advice to CESR does not prejudice in any way the ongoing negotiations in the Council and the European Parliament in the context of the co-decision procedure and the discussions on the final split between Level 1 "principles" and Level 2 "implementing measures". The formal mandate will be sent to CESR once the directive has been adopted by the European Parliament and Council.



1. BACKGROUND

In its Resolution on more effective securities market regulation, the Stockholm European Council called for rapid implementation of the prioritised Financial Services Action Plan, in order to achieve an integrated securities market **by the end of 2003**, including notably the priorities set out in the Lamfalussy Report.

To meet this challenge, the European Council not only endorsed the proposed four-level approach (essential principles, implementing measures, co-operation and enforcement); it also welcomed the proposed establishment of an independent Regulators Committee (CESR) to act as an advisory group to assist the Commission in its preparation of draft implementing measures.

On 18 March 2002, DG Internal Market addressed to CESR two first provisional requests for technical advice; one of those was a provisional request for technical advice on possible implementing measures on the future Directive on the prospectus to be published when securities are offered to the public or admitted to trading. If the deadline of 2003 is to be met, this will mean not only Directives being adopted before this deadline, but the technical implementing measures as well. This concern is of particular importance for two categories of implementing measures: on the one hand, for those implementing measures which are not subject to any deadline but without which the Directive cannot produce its effects; on the other hand, in those cases where the text agreed in Council provides for the adoption of implementing rules within 180 days following the entry into force of the Directive.

This additional provisional mandate takes into consideration that CESR has indicated that they need enough time to prepare and deliver their advice. Furthermore, under the Lamfalussy arrangement, the European Parliament will benefit from 3 more months, as a minimum, to review the draft implementing measures. These time constraints clearly show that the work of CESR needs to start in advance of the final adoption of the Directive, especially for implementing measures which need to be adopted within 180 days after the entry into force of the Directive.

Timely adoption of the implementing measures is even more important given that some Member States may need up to 12 more months – in case the implementing measures are adopted in the form of a Directive - to have them implemented into national legislation. Implementation of Level 1 and Level 2 measures will need to occur at the same time – so respecting the deadlines is imperative. In order to speed up the implementation process, the Commission might consider to propose the adoption of regulations for the implementation of Level 2 measures for a number of provisions which are covered by the present provisional mandate (e.g. Articles 5, 7, 11, 15 of the draft Directive). The Stockholm European Council, the European Parliament itself and the Lamfalussy report all urged the use of regulations whenever possible.

The first provisional CESR mandate focussed on a number of priority issues and was drafted on the basis of initial Commission proposal adopted on 30.5.2001 COM(2001)



280 final. Both the European Securities Committee and the EMAC were informed. CESR has been asked to provide advice on following priority issues:

- (1) Minimum Information (Article 6 (1) of the initial proposal for a Directive)
- (2) Incorporation by Reference (Articles 10 (1) and (3) of the initial proposal for a Directive)
- (3) Availability of the prospectus (Article 12 (7) of the initial proposal for a Directive)

Since the adoption of this text a number of changes have been introduced in the ongoing negotiations on the prospectus Directive. On the basis of the amendments proposed by the European Parliament after its first reading the Commission prepared its amended proposal for a directive; further changes were introduced during the negotiations in Council which led to a political agreement on 5/11/02. For instance new comitology provisions have been added – which require additional technical advice to be provided by CESR. The initial CESR mandate also needs to be adapted and supplemented in order to reflect the changes introduced into the text during the negotiations.

At this stage, therefore, new priority areas for provisional technical advice need to be defined in order to meet the tight deadlines.

2. THE PRINCIPLES THAT CESR SHOULD TAKE ACCOUNT OF

2.1. The working approach agreed between DG Internal Market and the European Securities Committee

On 30 January 2003, DG Internal Market consulted the European Securities Committee on a draft request for technical advice. At that meeting, it was agreed that DG Internal Market would request additional technical advice on certain priority issues, and that CESR should immediately start the groundwork on these to meet the 2003 deadline set by the Stockholm European Council Resolution. The meeting agreed that this request should be based on the following approach:

- CESR should take account of the principles set out in the Lamfalussy Report and mentioned in the Stockholm Resolution of 23 March 2001.
- The beginning of work on certain aspects of technical advice within CESR shall not, in any way, prejudice the outcome of the discussions between the European Parliament and Council. The request for technical advice does not touch or prejudice Level 1 issues at any stage.
- CESR should start work on the basis of the text agreed in Council on 5/11/02, following the first reading in the EP, on an amended proposal for a Directive of the European Parliament and of the Council on the Prospectus to be published when



- securities are offered to the public or admitted to trading (Doc 13593/2/02 REV 2), but also take full account of developments in the Council and Parliament which are expected to take place in 2003. For this purpose, the Commission representative attending meetings of CESR or its working parties will regularly inform CESR of any such developments.
- The Commission itself will not issue formal mandates to CESR until the final adoption of the Directive on prospectus in Council and Parliament.
 - The technical advice given by CESR will not take the form of a legal text.

2.2. Consultation of the public

The Stockholm European Council endorsed the Lamfalussy recommendations on consultation and transparency. In particular, it invited the Commission to make use of early, broad and systematic consultation with the institutions and all interested parties in the securities area, especially by strengthening its dialogue with consumers and market practitioners. It also stated that CESR should “*consult extensively, in an open and transparent manner, as set out in the final report of the Committee of Wise Men and should have the confidence of market participants*”.

Article 5 of the Commission Decision establishing the CESR provides that “*before transmitting its opinion to the Commission, the Committee [CESR] shall consult extensively and at the early stage with market participants, consumers and end-users in an open and transparent manner*”.

In this respect, DG Internal Market also draws CESR’s attention to the European Parliament’s Resolution on the implementation of financial services legislation of 5 February 2002 and the Commission’s formal Declaration in response.

DG Internal Market will ensure that the Stockholm European Council recommendations on consultation have been fully met. In particular, it will satisfy itself that CESR has consulted all interest parties on its technical advice in accordance with the CESR Public Statement on Consultation Practices. This provisional mandate will also be posted on DG MARKET website.

Once the Commission has received the CESR’s advice, it will draw up draft legal texts to put forward to the ESC and the European Parliament. It simultaneously publishes those texts on its Internet site. If the Commission amends its draft to reflect discussions in the ESC, those amended drafts will also be made public on the website.

Interested parties will have the opportunity to comment on published draft legal texts. The Commission has set up a dedicated e-mail address (Markt-ESC@cec.eu.int), allowing all interested parties to send their contributions to the Chairman of the ESC. All such comments will in turn be made public on the same Commission website.

Interested parties will have sufficient time to participate in this exercise because the ESC will not be asked for a vote until at least three months have elapsed from the publication of initial draft implementing rules. This will also allow the European Parliament to follow the process and, if it so wishes, to make its views known.

2.3. Access to finance and investor protection

In giving its advice on possible implementing measures, CESR should take full account of two key objectives: the need to encourage and build an efficient, cost-effective and competitive pan-European capital market on the one hand, and to provide the necessary levels of investor protection on the other. More specifically, CESR is invited to deliver its technical advice bearing in mind that the aim of this draft Directive and its possible implementing measures is to ensure investor protection and market efficiency, in accordance with high regulatory standards adopted in the relevant international fora.

3. CESR IS INVITED TO PROVIDE ADVICE ON THE FOLLOWING PRIORITY ISSUES:

3.1. Format of the prospectus (Art. 5 (5))

The format of the prospectus as composed by three separate documents (registration document, securities note and summary) was covered by the provisional mandate of 18 March 2002.

This request needs to be amended and supplemented as discussions have evolved in Council and Parliament. The following changes have been introduced in the amended Commission proposal and form part of the Council's political agreement of 5/11/02:

- (1) The new text offers the possibility to use a base prospectus as outlined in Article 5 paragraph 4.
- (2) The text in its current form gives an additional possibility of drawing up a single document.
- (3) The new text provides for a new comitology provision with respect to technical adaptation of the format of the prospectus.

On this basis, DG Internal Market requests CESR to provide technical advice on the format of the prospectus or base prospectus and its possible supplements by 30 September 2003. The present additional request should be partly covered by work already realised on the basis of the initial provisional mandate as far as the format of the prospectus composed by three separate documents is concerned. More particularly CESR is invited to:

- (1) Complete its work with respect to the format of prospectus as a single document, including the summary as part of the prospectus.



- (2) Specifically consider the particular format of base prospectus and supplement.
- (3) To grant particular attention to offering programs and mortgage bond issues.

The Commission might propose the adoption of a Regulation for the implementation of this provision.

3.2. Minimum Information (Article 7 (1) of the proposed Directive)

In the provisional mandate of 18 March 2002 DG Internal Market requested CESR to provide technical advice on possible disclosure requirements based on the basic structure and typical main features of different types of securities (“building block approach”) involving at least the following types of transferable securities:

- (1) Shares: shares in companies and other securities equivalent to shares in companies which are negotiable on a regulated market;
- (2) Bonds: bonds and other forms of securitized debt which are negotiable on a regulated market;
- (3) Any other securities normally dealt in giving the right to acquire transferable securities under (1) and (2) by subscription or exchange or giving rise to cash settlement, excluding instruments of payment.

This request needs to be amended and supplemented as discussions have evolved in Council and Parliament. The following additional elements should now be taken into consideration:

- (1) The definition of securities has not been changed. The latest version of Article 2 (1) (a) sticks to the definition provided for in the Investment Services Directive (ISD) 93/22/EC.
- (2) However, the formulation of article 7 (1) has been largely modified: Different models of prospectuses were introduced in the amended Commission proposal following the first EP reading. The text agreed in Council clearly distinguishes between different models of prospectuses depending on the different types of information needed by investors relating to equity securities, different types and nature of offers and admission to trading of non-equity securities, the format used and the information required for non-equity securities, the size or the public nature of the issuer.

On this basis, DG Internal Market requests CESR to provide technical advice on the different models of prospectuses following the latest drafting of Article 7 (1) – which were not covered or insufficiently detailed in the initial request.

CESR technical advice related to schedules for securities aimed at wholesale markets, for derivative securities and for securities issued by SMEs and credit institutions, should be completed.

Technical advice is required to CESR for following issues:



- (1) Schedules adapted to the particular nature of derivative securities such as covered warrants, certificates or reverse convertibles should be defined; CESR should provide its technical advice by 30 September at the latest.
- (2) Specific schedules or explicit reference in the schedules to certain types of issuers in particular SMEs; CESR should provide its technical advice by 31 July at the latest.
- (3) Specific schedules or explicit reference in the schedules to certain types of entities authorised or regulated to operate in the financial markets, for example, credit institutions; CESR should provide its technical advice by 31 July at the latest.
- (4) Schedules adapted to securities aimed at wholesale markets should also be examined; CESR should provide its technical advice by 31 July at the latest.
- (5) The content of the prospectus to be used for offering programs (Article 7 par. 1 point c) has to be defined. Offering programs are supposed to cover frequent issuances of debt securities by an issuer or subsidiaries of an issuer, for example in the Eurobond market under the denomination “Euro medium term notes” or for derivative securities. Warrants in any form are covered by the definition of offering program (Art. 2 par. 1 point k); CESR should provide its technical advice by 30 September at the latest.
- (6) Particular schedules should be envisaged for the option granted to sovereign issuers and to municipalities in case they choose to draft a prospectus; CESR should provide its technical advice by 31 December at the latest.

The draft schedules should be based on the information items required in the IOSCO Disclosure Standards for cross-border offering and initial listings (Part I) and the existing schedules of the Directive 80/390/EEC¹. The elements concerning the financial information should be in line with the EU accounting strategy and international accounting and auditing standards.

The Commission might propose the adoption of a Regulation for the implementation of this provision.

3.3. Annual Information (Article 10 (1) and (4) of the proposed directive)

The latest text provides in Article 10 for an obligation for annual information imposed upon issuers.

The following elements are of particular importance in this Article:

- (1) According to Article 10 (1) of the agreed text the content of information required in the document or list of documents provided for in this same article is limited to information that would be required to be published outside the context of a prospectus and, more particularly in compliance with obligations imposed upon issuers under Community and national laws and rules dealing with the regulation of securities, issuers of securities and securities markets. Issuers shall at least refer to the

¹ Council Directive of 17 March 1980 co-ordinating the requirements for the drawing-up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing (OJ L 100/1, 17/04/1980)



information required pursuant to Company Law Directives, Directive 2001/34/EC and Regulation (E) No. 1606/2002 on the application of International Accounting Standards.

- (2) The comitology procedure foreseen in order to adapt legislation technical developments on financial markets has been limited to measures related to the method of publication of the disclosure requirements provided for in this Article.

DG Internal Market requests CESR to provide technical advice by 30 September 2003 at the latest on possible implementing measures relating exclusively to the method of publication of the document that contains or makes reference to all disclosure requirements published over the past 12 months with respect to information that would be required to be published under Community and national laws and rules dealing with the regulation of securities, issuers of securities and securities markets and more specifically, pursuant to Company Law Directives, Directive 2001/34/EC and Regulation (E) No. 1606/2002 on the application of International Accounting Standards.

3.4. Incorporation by Reference (Articles 11 (3) of the proposed Directive)

According to the first provisional mandate DG Internal Market requested CESR to provide technical advice on possible draft rules on at least on the following:

- (1) The information that can be incorporated by reference in a prospectus (e.g. memorandum of association, annual and interim accounts, press releases); **this request still remains valid.**
- (2) The documents that can be incorporated by reference in order to fulfil annual update requirements linked to the registration document; **this part of the provisional mandate is being revoked since the obligation of annual update has been removed from the text during the negotiation.**

Therefore DG Internal Market only requests CESR to complete its work with respect to the documents that can be incorporated by reference in a prospectus in accordance with the first provisional mandate.

The Commission might propose the adoption of a Regulation for the implementation of this provision.

3.5. Publication of the prospectus (Article 14 (2a))

The latest text provides in Article 14 for an option to require the drafting and the publication of a notice stating how the prospectus has been made available and where it can be obtained.

Therefore DG Internal Market requests CESR to provide technical advice on possible draft implementing rules relating to the content of the notice and its methods of publication by 30 September 2003 at the latest.



The Commission might propose the adoption of a Regulation for the implementation of this provision.

3.6. Advertising (Article 15 (7))

A provision on advertising and, more particularly, the conditions that advertisements should fulfil – for instance in terms of content, presentation and quality of information - was already included in the initial proposal; this provision, subject to several changes, has been also included in the modified proposal following the first reading in the EP and in the Council political agreement.

DG Internal Market requests CESR to provide by 31 December 2003 at the latest:

- (1) factual information regarding advertisement practices and relevant legislation in the Member States;
- (2) technical advice on possible draft implementing rules concerning the dissemination of advertisements announcing the intention to offer securities to the public or the admission to trading, in particular before the prospectus has been made available to the public or before the opening of the subscription.

The Commission might propose the adoption of a Regulation for the implementation of this provision.

4. CESR IS INVITED TO PROVIDE AND ANALYSE FACTUAL INFORMATION BY 31 DECEMBER 2003 AT THE LATEST ON FOLLOWING ISSUES:

4.1. Exemption from the obligation to publish a prospectus – Interpretation of the meaning of equivalence (Article 4 (3))

Regarding conditions for offer of securities to the public, with respect to the exemption from the obligation to publish a prospectus, the text of the initial proposal has been subject to several changes in terms of content, formulation and presentation. Article 4 of the text of the political agreement includes a detailed provision on exemptions from the obligation to publish a prospectus comprising also a comitology provision with respect to technical developments regarding the interpretation of certain of these exemptions as well as the meaning of equivalence.

DG Internal Market would like CESR to provide factual information and analysis of the way Member States interpret the notion of equivalence in the context described in Article 4 by 31 December 2003.

On the basis of the information gathered and provided by CESR and in the light of work realised in the context of the draft take over bids and mergers Directives the Commission will decide whether an additional mandate asking CESR to provide technical advice on possible draft implementing rules will be granted in the future.



4.2 Equivalence of prospectuses drawn up in third countries (Article 20 (3))

A provision on recognition of prospectuses drawn up in third countries was already included in the initial proposal; however, this provision, has been subject to several changes. The most important changes, included in the text of the modified proposal following the EP first reading and in the text of the political agreement, consist in:

- (1) introducing formally the term of “equivalence”
- (2) introducing a comitology procedure in order to ensure uniform application of the Directive in all Member States and, subsequently, uniform interpretation of the term “equivalence”.

DG Internal Market requests CESR to provide factual information and of legislation and practices of Member States regarding the treatment of third countries issuers with respect to drawing up and approval of prospectuses by 31 December 2003.

The Directive leaves to the Commission the decision whether to adopt implementing measures or not stating that the legislation of a given third country ensures the equivalence of prospectus requirements set in this Directive. On the basis of the information gathered and provided by CESR the Commission will decide whether an additional mandate asking CESR to provide technical advice on possible draft implementing rules will be granted in the future.

Members of the Consultative Working Group

Ms. Ann Fitzgerald

Dr. Wolfgang Gerhardt

Mr. Daniel Hurstel

Mr. Pierre Lebeau

Mr. Lars Milberg

Mr. Victor Pisante

Mr. Regis Ramseyer

Ms. Kaarina Stahlberg

Mr. Torkild Varran

Mr. Stefano Vincenzi

Mr. Jaap Winter.

Call For Evidence – summary of main points made

CESR published a Second Call For Evidence on 7 February seeking input on the key issues which it should consider in dealing with the Additional Provisional Mandate on the Future Directive on prospectus to be published when securities are offered to the public or admitted to trading. Around 19 responses were received by the end of March 2003. The full text of all responses can be viewed on the CESR website.

The following is a short summary of the principal recurring issues which emerged in the responses to the Second Call For Evidence. A full list of those who responded can be found at the end of this paper.

Minimum disclosure requirements: derivatives schedules

When dealing with the definition of derivatives, it was acknowledged by a significant number of respondents that there was no single definition for these securities and most of the definitions proposed were given as broad guidelines of the products falling within this category.

A number of respondents pointed out that the specific nature of the derivatives markets should be taken into account when deciding on the disclosure requirements for these products. There was an unanimous concern by the respondents regarding the need for flexibility for these products that have become the most innovative and diversified segment of the securities markets. Therefore, most respondents considered that the approach to derivatives should be simplified and that disclosure requirements concerning the issuer should be lower for derivatives than for equity and in general also lower than for debt.

Base prospectus

In this section, a key point emerging from a number of responses was the need of ensuring that programmes can continue functioning as they have been within the framework of the proposed Directive. The programme structure, as an efficient and cost-effective way to issue securities, has to have an adequate reflection on the disclosure requirements set for base prospectuses. The need of flexibility requires as wide as definition as possible of the final terms at Level 2 and therefore an abstract rule should be provided to determine what information can be included in the final terms.

As a general remark most respondents mentioned the fact that the base prospectus plus the final terms should contain the same information in substance that a single issue prospectus.

Some respondents to the 2nd call for evidence raised the question as to whether or not there would be a restriction on the number of issuers and/or guarantors that can issue securities under a base prospectus. There was a general support for maintaining the current market practice that allows the inclusion of several issuers and/or guarantors in the same base prospectus.

Concerning mortgage bonds issues several respondents gave definition for these products. Additionally, all the respondents that commented on this section noted that CESR should bear in mind the specific characteristics of mortgage bonds while analyzing the base prospectus regime.

Minimum disclosure requirements: securities aimed at wholesale markets

A few respondents considered that it should not be interpreted that wholesale investors need less information than retail investors because of their professionalism. However, most of the respondents believed that since these are more sophisticated investors they do not require as much detailed information and therefore a differentiated schedule should be prepared. Additionally, some respondents considered that CESR should also permit an adaptation of the disclosure requirements for equity securities in circumstances where the issue is targeted at qualified investors.

Road map

Although most respondents considered the building block approach to be useful, some expressed their concerns as to the excessive complexity of CESR's proposals due to the great amount of different schedules and building blocks developed. These respondents proposed that clear-cut rules and lines of demarcations should be drawn up to give issuers the necessary legal certainty. In relation to this, the need for a clear ranking between the different registration documents was suggested.

Format of the prospectus

There were split views expressed by the respondents concerning the format of the prospectus. Some respondents considered that there should be no requirement to follow the layout of any building block and that issuers should be free to present information in the format which they consider best achieves the objective of article 5.(1) of the Proposed Directive. On the other hand, others respondents believed that in the case that the prospectus is a single document it shall start with the summary, followed by the securities note and then by the registration document, as this would ease the reading of the prospectus.

Non-EU issuers

Several respondents pointed out the fact that non-EU issuers are significant users of the European market and play a vital role in the economy of Europe. The prospectus regime should, in their view, recognize this reality by enabling them to continue accessing the market without imposing unacceptable costs, for example, by requiring IAS accounting and audit standards.

Respondents to the Call For Evidence

Banking

European Association of Public Banks (EAPB)

International Primary Market Association (IPMA)

Association of German Banks/Bundesverband deutscher Banken (BdB)

Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR)



Zentraler Kreditausschuss (ZKA)

Investment Services

London Investment Banking Association (LIBA)

Issuers

Deutsches Aktieninstitut e.V.

Mouvement des Entreprises de France (MEDEF)

Regulated Markets and Exchanges

Boerse-Stuttgart/EUWAX

Government, Regulatory and Enforcement

Austrian Federal Economic Chamber

Commission of Stock Exchange Experts (BörsenachverständigenKommission, BSK)

Polish Securities and Exchange Commission

Individuals

Dr. Wolfgang Gerhardt (member of the Consultative Group)

General comments on the Prospectus Directive

Canadian Bankers Association

FannieMae

FHL Banks

FreddieMac

General Electric

Ministry of Finance and Public Credit, Republic of Colombia

Tennessee Valley Authority



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ANNEX D
COMPARISON RD TABLE

Comparison RD Retail Debt / Wholesale Debt / Banks / Derivatives issued by Banks

White = same wording as Retail Debt

Grey = item NOT required

? = subject to consultation outcome

	RETAIL DEBT CESR/03-128 May 03 ANNEX 5	BANKS CESR/03-128 May 03 ANNEX 3	DERIVATIVES ISSUED BY BANKS PROPOSAL	WHOLESALE DEBT CESR/03-128 May 03 ANNEX 1
1.	PERSONS RESPONSIBLE			
1.1.	Names and functions of natural persons or of members of the issuer’s administrative, management or supervisory bodies and name and registered office of legal persons responsible for the registration document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts.			
1.2.	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, to the best of their knowledge, the information contained in the registration document is in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, to the best of their knowledge, the information contained in the part of the registration document for which they are responsible is in accordance with the facts and contains no omission likely to affect its import.			



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	RETAIL DEBT CESR/03-128 May 03 ANNEX 5	BANKS CESR/03-128 May 03 ANNEX 3	DERIVATIVES ISSUED BY BANKS PROPOSAL	WHOLESALE DEBT CESR/03-128 May 03 ANNEX 1
2.	AUDITORS			
2.1.	Names and addresses of the issuer’s auditors for the period covered by the historical financial information (together with their membership in a professional body).			
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details must be disclosed if material.			
3.	SELECTED FINANCIAL INFORMATION			
3.1.	Selected historical financial information regarding the issuer, which shall be presented for each financial year for the period covered by the historical financial information, and any subsequent interim financial period, in the same currency as the financial information. The selected historical financial information should provide key figures that summarise the financial condition of the issuer.			
3.2.	If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year shall also be provided, except that the requirement for comparative balance sheet data is satisfied by presenting the year end balance sheet information.			



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	RETAIL DEBT CESR/03-128 May 03 ANNEX 5	BANKS CESR/03-128 May 03 ANNEX 3	DERIVATIVES ISSUED BY BANKS PROPOSAL	WHOLESALE DEBT CESR/03-128 May 03 ANNEX 1
4.	RISK FACTORS Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors"			
5.	INFORMATION ABOUT THE ISSUER			
5.1.	<u>History and development of the Issuer:</u>			
5.1.1.	the legal and commercial name of the issuer;			
5.1.2.	the place of registration of the issuer and its registration number;			
5.1.3.	the date of incorporation and the length of life of the issuer, except where indefinite;			
5.1.4.	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office); and			
5.1.5.	any recent events relevant to the evaluation of the issuer's solvency.			
5.2.	<u>Investments</u>			
5.2.1.	A description of the principal investments made since the date of the last published financial statements.			



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	RETAIL DEBT CESR/03-128 May 03 ANNEX 5	BANKS CESR/03-128 May 03 ANNEX 3	DERIVATIVES ISSUED BY BANKS PROPOSAL	WHOLESALE DEBT CESR/03-128 May 03 ANNEX 1
5.2.2.	Information concerning the issuer's principal future investments, on which its management bodies have already made firm commitments.			
5.2.3.	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in 5.2.2.			
6.	BUSINESS OVERVIEW			
6.1.	<u>Principal activities:</u>			
6.1.1.	A description of the issuer's principal activities stating the main categories of products sold and/or services performed; and	Brief description of the issuer's principal activities stating the main categories of products sold and/or services performed; and = WHOLESALE DEBT	?	Brief description of the issuer's principal activities stating the main categories of products sold and/or services performed; and
6.1.2.	an indication of any significant new products and/or activities.		?	
6.2.	<u>Principal markets</u> A brief description of the principal markets in which the issuer competes.		?	
6.3.	The basis for any statements made by the issuer regarding its competitive position shall be disclosed.			
7.	ORGANISATIONAL STRUCTURE			
7.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.			



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	RETAIL DEBT CESR/03-128 May 03 ANNEX 5	BANKS CESR/03-128 May 03 ANNEX 3	DERIVATIVES ISSUED BY BANKS PROPOSAL	WHOLESALE DEBT CESR/03-128 May 03 ANNEX 1
7.2.	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.			
8.	TREND INFORMATION			
8.1.	The most significant recent trends in production, sales and inventory, costs and selling prices since the end of the last financial year to the date of the registration document.	The issuer should identify its most significant business developments since the close of the financial year to which its last published annual financial statements relate	?	<p>Include a statement that there has been no material adverse change in the financial position, or prospects of the issuer since the date of its last published accounts.</p> <p>In the event that the issuer is unable to make such a statement, then the issuer should provide details of this material adverse change.</p>
8.2.	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.			



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	RETAIL DEBT CESR/03-128 May 03 ANNEX 5	BANKS CESR/03-128 May 03 ANNEX 3	DERIVATIVES ISSUED BY BANKS PROPOSAL	WHOLESALE DEBT CESR/03-128 May 03 ANNEX 1
9.	<p>PROFIT FORECASTS OR ESTIMATES</p> <p>If an issuer chooses to include:</p> <p>a) a profit forecast which is defined as a form of words which expressly or by implication states a minimum or maximum for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that, or contains data from which a calculation of an approximate figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used; or</p> <p>b) a profit estimate which is defined as a profit forecast for a financial period which has expired and for which results have not yet been published,</p> <p>then the registration document should include the following:</p>			
9.1.	<p>A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.</p> <p>The assumptions used should be clearly segregated between assumptions about factors which the directors can influence and assumptions about factors which are exclusively outside the influence of the directors; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.</p>			



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9.2.	A report prepared by independent accountants or auditors should be included and should state that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer.			Any profit forecast set out in the registration document shall be accompanied by a statement confirming that said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer.
9.3.	The profit forecast or estimate should be prepared on a basis comparable with the historical financial information.			
10.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
10.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.			



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10.2	<p><u>Administrative, Management, and Supervisory bodies conflicts of interests</u></p> <p>Potential conflicts of interests between any of the persons referred to in 10.1 duties to the issuing entity and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a negative statement to that effect should be made.</p>		?	
11.	BOARD PRACTICES			
11.1.	Details relating to the issuer's audit committee, including the names of committee members and a summary of the terms of reference under which the committee operates.			
11.2	A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime should also be included. In the event that the issuer does not comply with such a regime a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.	?		
12.	MAJOR SHAREHOLDERS			
12.1.	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.		?	



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12.2.	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.		?	



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13.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
13.1.	<p>Historical Financial Information</p> <p>Audited historical financial information covering the latest 2 financial years (or shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must have been prepared according to IAS Regulation, or IAS as applicable, or if not applicable to local GAAP.</p> <p>If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must have been prepared in accordance with the standards applicable to annual reports under the IAS Regulation, or IAS as applicable, or if not applicable to local GAAP. This historical financial information must have been fully audited.</p> <p>If the audited financial information is prepared according to local GAAP, the financial information required under this heading must include at least:</p> <ul style="list-style-type: none"> (a) balance sheet; (b) income statement; (c) cash flow statement; and (d) accounting policies and explanatory notes. 			<p>Same as RETAIL DEBT except:</p> <ul style="list-style-type: none"> 1) no disclosure requirement if issuer has been operating in its current sphere of economic activity for less than one year; and 2) no cash flow statement (c).



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13.2	<p><u>Own versus consolidated financial statements</u></p> <p>If the issuer prepares both own and consolidated financial statements, it shall include at least the consolidated financial statements in the registration document.</p>			
13.3	<p><u>True and fair view for issuers incorporated in a non- EU Member State</u></p> <p>If the historical financial information of an issuer incorporated in a non-EU Member State does not give a true and fair view of the issuer's assets and liabilities, financial position and profits and losses, more detailed and/or additional information as set out in Annex [] must be given unless the issuer is not obliged to draw up its financial statements so as to give a true and fair view, but is required to draw them up to what is considered to be an equivalent standard in which case the latter would be sufficient.</p>			
13.4	<p><u>Auditing of historical financial information</u></p>			
13.4.1	<p>A statement that the historical financial information of the issuer for the last two financial years has been audited. If audit reports on the historical financial information have been refused by the official auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers shall be reproduced in full and the reasons given.</p>			



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13.4.2.	An indication of other information in the registration document which has been audited by the auditors.			
13.4.3.	Where financial data in the registration document is not extracted from the issuer's audited financial statements the issuer must state the source of the data and state that the data is unaudited.			
13.5	<u>Age of latest annual accounts</u>			
13.5.1.	The last year of audited financial information may not be older than 18 months from the date of the registration document.			
13.6	<u>Interim and other financial information</u>			
13.6.1	If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information is unaudited that fact must be stated.			



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13.6.2.	<p>If the registration document is dated more than nine months after the end of the last audited financial year, it should contain interim financial information, covering at least the first six months of the financial year. If the interim financial information is unaudited that fact must be stated.</p> <p>The interim financial information should include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.</p>			
13.7	<p><u>Legal and arbitration proceedings</u></p> <p>Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.</p>			
13.8.	<p><u>Significant change in the issuer's financial or trading position</u></p> <p>A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.</p>			



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14.	ADDITIONAL INFORMATION			
14.1	<u>Share Capital</u>			
14.1.1	The amount of the issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics, the part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.			
14.2	<u>Memorandum and Articles of Association.</u>			
14.2.1	The register and the entry number therein, if applicable, and a description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association.			



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15.	<p>MATERIAL CONTRACTS</p> <p>A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.</p>			
16.	<p>STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST</p> <p>Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address and qualifications, material interest if any in the issuer and a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of that person, who has authorised the contents of that part of the registration document.</p>			



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17.	<p>DOCUMENTS ON DISPLAY</p> <p>A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:</p> <ul style="list-style-type: none"> (a) the memorandum and articles of association of the issuer; (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document; (c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document. <p>An indication of where the documents concerning the issuer which are referred to in the registration document may be inspected, by physical or electronic means.</p>			

1.	PERSONS RESPONSIBLE
1.1.	Names and functions of natural persons or of members of the issuer's administrative, management or supervisory bodies and name and registered office of legal persons responsible for the prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts.
1.2.	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, to the best of their knowledge, the information contained in the part of the prospectus for which they are responsible is in accordance with the facts and contains no omission likely to affect its import.
2.	RISK FACTORS
2.1.	Prominent disclosure of risk factors that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed "risk factors". This should include a risk warning to the effect that investors may lose the value of their entire investment, and/or, if the investor's liability is not limited to the value of his investment, a statement of that fact, together with a description of the circumstances in which such additional liability arises and the likely financial effect.
2.2.	Risks involved in purchasing the derivative securities. This section should include:
2.2.1.	Examples of the way the instrument works
3.	KEY INFORMATION
3.1.	<u>Interest of natural and legal persons involved in the issue/offer</u> A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.
3.2.	<u>Reasons for the offer and use of proceeds</u> when different from making profit and/or hedging certain risks. If reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer.
4.	INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING
4.1.	<u>Information concerning the securities</u>
4.1.1.	A description of the type and the class of the securities being offered and/or admitted to trading.
4.1.2.	Legislation under which the securities have been created.
4.1.3.	An indication whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.

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4.1.4.	An indication of the currency of the securities issue.
4.1.5.	Ranking of the securities being offered and/or admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the security to any present or future liabilities of the issuer.
4.1.6.	A description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of said rights.
4.1.7.	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.
4.1.8.	The issue date of the securities.
4.1.9.	A description of any restrictions on the free transferability of the securities.
4.1.10.	- The expiration or maturity date of the derivative securities - The exercise date or final reference date
4.1.11.	A description of the settlement procedure of the derivative securities.
4.1.12.	A description of how any return on derivative securities takes place, the payment date, and the way it is calculated.
4.1.13.	In respect of the country of origin and the country(ies) where the offer is being made or admission to trading is being sought: <ul style="list-style-type: none"> - Information on taxes on the income from the securities withheld at source, - Indication as to whether the issuer assumes responsibility for the withholding of taxes at the source. Information on taxes to be paid by the investors in connection with the offer.
4.2.	<u>Information concerning the underlying</u>
4.2.1.	The exercise price or the final reference price of the underlying.

4.2.2.	<p>Information required in respect of the underlying, a statement setting out the type of the underlying and details of where information on the underlying can be obtained</p> <ul style="list-style-type: none"> - past performance of the underlying – in a practical form or otherwise – and its volatility over a period corresponding to at least the maturity of the derivative security; in any case a period of two years is sufficient - where the underlying is a security <ul style="list-style-type: none"> • the name of the issuer of the security • the ISIN (International Security Identification Number) or other such security identification code - where the underlying is an index <ul style="list-style-type: none"> • the name of the index and a description of the index if it is composed by the issuer - where the underlying is an interest rate <ul style="list-style-type: none"> • a description of the interest rate - others where the underlying does not fall within the categories specified above the securities note must contain equivalent information. - where the underlying is a basket of underlyings <ul style="list-style-type: none"> • disclosure of the relevant weightings of each underlying in the basket
4.2.3	A description of any market disruption or settlement disruption events that affect the underlying
4.2.4	Adjustment rules with relation to events concerning the underlying
5.	TERMS AND CONDITIONS OF THE OFFER
5.1.	<u>Conditions, offer statistics, expected timetable and action required to apply for the offer</u>
5.1.1.	Conditions to which the offer is subject.
5.1.2.	Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.
5.1.3.	The time period, including any possible amendments, during which the offer will be open and description of the application process.
5.1.4.	Details of the minimum and/or maximum amount of application, (whether in number of securities or aggregate amount to invest).
5.1.5.	Method and time limits for paying up the securities and for delivery of the securities.
5.1.6.	A full description of the manner and date in which results of the offer are to be made public.
5.2.	<u>Plan of distribution and allotment</u>
5.2.1.	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.

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5.2.2.	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.
5.3.	<u>Pricing</u>
	Indication the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate the amount of any expenses specifically charged to the subscriber or purchaser.
5.4.	<u>Placing and Underwriting</u>
5.4.1.	Details of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.
5.4.2.	Name and address of any paying agents and depository agents in each country.
5.4.3.	Details of the entities agreeing to underwrite the issue on a firm commitment basis, and details of the entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Indication of the material features of the agreements, including the quotas and the commissions. Where not all of the issue is underwritten, a statement of the portion not covered.
5.4.4.	When the underwriting agreement has been or will be reached.
5.4.5.	Name and address of a calculation agent
6.	ADMISSION TO TRADING AND DEALING ARRANGEMENTS
6.1.	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading necessarily will be approved. If known, the earliest dates on which the securities will be admitted to trading should be given.
6.2.	All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.
6.3.	Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.
7.	ADDITIONAL INFORMATION
7.1.	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.
7.2.	An indication of other information in the Securities Note which has been audited or reviewed by auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.
7.3.	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such person’s name, address and qualifications and a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of that person.



7.4.	The issuer shall indicate in the prospectus whether or not it intends to provide post-issuance information. Where the issuer has indicated that it intends to report such information, the issuer shall specify in the prospectus what information will be reported and where such information can be obtained.
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1.	PERSONS RESPONSIBLE
1.1	Names and functions of natural persons or of members of the issuer’s administrative, management or supervisory bodies and name and registered office of legal persons responsible for the prospectus and , as the case may be, for certain parts of it, with, in the latter case, an indication of such parts.
1.2	A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the prospectus that, to the best of their knowledge, the information contained in the part of the prospectus for which they are responsible is in accordance with the facts and contains no omission likely to affect its import.
2.	RISK FACTORS
	Prominent disclosure of risk factors that are material to the securities admitted to trading in order to assess the market risk associated with these securities in a section headed “Risk Factors”.
3.	KEY INFORMATION
	<u>Interest of natural and legal persons involved in the issue</u> A description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest.
4.	INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING
4.1	A description of the type and the class of the securities being admitted to trading.
4.2	Legislation under which the securities have been created.
4.3	An indication of whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.
4.4	An indication of the currency of the securities issue.
4.5	Ranking of the securities being admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the security to any present or future liabilities of the issuer

4.6	A description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of said rights.
4.7	<p>The nominal interest rate and provisions relating to interest payable.</p> <ul style="list-style-type: none"> - The date from which interest becomes payable and the due dates for interest. - The time limit on the validity of claims to interest and repayment of principal <p>Where the rate is not fixed, description of the underlying on which it is based and of the method used to relate the two.</p> <ul style="list-style-type: none"> - A description of any market disruption or settlement disruption events that affect the underlying - Adjustment rules with relation to events concerning the underlying - Name of the calculation agent
4.8	Maturity date and arrangements for the amortization of the loan, including the repayment procedures. Where advance amortization is contemplated, on the initiative of the issuer or of the holder, it must be described, stipulating amortization terms and conditions.
4.9	An indication of yield.
4.10	Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where investors may have access to the contracts relating to these forms of representation.
4.11	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.
4.12	In the case of new issues, the issue date of the securities.
4.13	A description of any restrictions on the free transferability of the securities.
5.	ADMISSION TO TRADING AND DEALING ARRANGEMENTS
5.1	Indication of the market where the securities will be traded and for which prospectus has been published. If known, the earliest dates on which the securities will be admitted to trading should be given.
5.2	Name and address of any paying agents and depository agents in each country.
6.	EXPENSE OF THE ISSUE
	An estimate of the total expenses related to the admission to trading.
7.	ADDITIONAL INFORMATION
7.1	If advisors are mentioned in the Securities Note , a statement of the capacity in which the advisors have acted



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7.2	An indication of other information in the Securities Note which has been audited or reviewed by auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.
7.3	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, address and qualifications and a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of that person.
7.4	Credit ratings assigned to an issuer or its debt securities at the request or with the co-operation of the issuer in the rating process.



REF	Proposed New Rule
	<p>Preamble The disclosure requirements set out below shall apply to a Fund that is a passive investor, i.e. a Fund that does not take or seek to take legal or management control of any of the issuers of its underlying investments. Legal control may be taken where it is incidental to the primary investment objective, necessary for the protection of shareholders and only in circumstances where the Fund will not exercise significant management control over the operations of that underlying issuer.</p> <p>Where a Fund is not a passive investor, then the Minimum Disclosure Requirements for the Equity, Debt or Derivative Registration Document shall apply, as appropriate.</p>
	<p><i>These terms shall have the following meanings for the purpose of these disclosure requirements:</i></p> <p>Fund- an issuer which is a collective investment undertaking not within the meaning of Article 2(1)(o) the Prospectus Directive</p> <p>Fund of Funds- a Fund which may invest in excess of 20% (but not more than 40%) of its gross assets in another collective investment undertaking.</p> <p>Investment Manager- any person appointed to make discretionary investment decisions in relation to the assets of the Fund which shall include any sub investment manager</p> <p>Umbrella Fund- a Fund with one or more sub-funds, a sub-fund being represented by separate class(es) or designation(s) of unit within the Fund which invests in a separate pool or portfolio of investments (The term Fund shall also mean sub fund for the purposes of this document, where the context requires)</p> <p>In addition to the information required below the Fund must provide such information as is required under paragraphs; 1,2,3,4,5.1,7,9.1,9.2.1,9.2.3,10.4,13,14,15,16,17.2, 18,19,20,21,22,23,24,25 of the Minimum Disclosure Requirements for the Equity Registration Document.</p>
1.0	Investment Objective & Policy
1.1.	A detailed description of the investment objective and policy which the Fund will pursue and a description of how the investment objectives and policy may be varied including any circumstances in which such variation requires the approval of unit holders.
1.2	The borrowing and/or leverage limits for the Fund. If there are no such limits, a statement to that effect.
1.3	The regulatory status of the Fund together with the name of any regulator.
2.	Investment Restrictions
2.1	A statement of the investment restrictions which apply to the Fund together with a description of the action, if any, which the Investment Manager will take if breached.
2.2	<p>Where more than 20% of the gross assets of any Fund (except where 2.3 or 2.5 applies) may be:</p> <p>(a) invested in or lent to any single underlying issuer (including the underlying issuer’s subsidiaries or affiliates); or</p> <p>(b) invested in one or more Fund of Funds; or</p> <p>(c) exposed to the creditworthiness or solvency of any one counterparty (including its subsidiaries or affiliates);</p> <p>the following information must be disclosed:</p>



	<p>(i) information relating to each underlying issuer/Fund/counterparty as if it were an issuer for the purposes of the Minimum Disclosure Requirements for the Equity Registration Document (in the case of (a)) or Minimum Disclosure Requirements for the Closed Ended Fund Registration Document (in the case of (b)) or the Wholesale Debt Registration Document Building Block (in the case of (c)) ; or</p> <p>(ii) if the securities issued by the underlying issuer/Fund/counterparty have already been admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted.’</p>
2.3	Where a Fund is a Fund of Funds a description of if and how risk is spread in relation to its investments. In addition, 2.2 will apply, in aggregate, to its underlying investments as if those investments had been made directly.
2.4.	Where exposure under 2.2 (C) is reduced by means of collateral details of such collateral
2.5	Where a Fund may invest in excess of 40% of its gross assets in another fund the following must be disclosed: (a) information relating to each underlying fund as if it were an issuer under Minimum Disclosure for the Closed Ended Fund Registration Document ; or (b) if securities issued by an underlying fund have already been admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted
2.6	Physical Commodities Where a Fund invests directly in physical commodities a disclosure of that fact and the percentage that will be so invested.
2.7.	Property Funds Where a Fund invests directly in real property a disclosure of that fact and the percentage that will be so invested. See Questions 155-156 in consultation paper.
2.8	Derivatives/Money Market Instruments/Currencies Where a Fund invests in derivatives, money market instruments or currencies other than for the purposes of efficient portfolio management a description of if and how risk is spread in relation to those investments
2.9.	Government Securities 2.2 does not apply to investment in securities issued or guaranteed by a government, government agency or instrumentality of any Member State or OECD Member State.
2.10.	Index Tracker Funds 2.2 does not apply to a Fund whose investment objective is to compile an investment portfolio which tracks, without material modification, that of a broadly based and recognised published index.
3	The applicant’s service providers
3.1.	The actual or estimated maximum amount of all material fees payable by the Fund for any services under arrangements entered into on or prior to the date of the registration document and a description of how these fees are calculated, if appropriate.
3.2.	A description of any fee payable by the Fund which cannot be quantified under 3.1 and which is or may be material.
3.3.	If any service provider to the Fund is in receipt of any benefits from third parties by virtue of providing any services to the Fund, and those benefits may not accrue to the Fund, a statement of that fact and the name of that third party if available.



3.4.	The name of the service provider which is responsible for the determination and calculation of the net asset value of the Fund
3.5.	A description of any potential conflicts of interest which any of the service providers to the Fund may have as between their duty to the Fund and duties owed by them to third parties and their other interests. A description of any arrangements which are in place to address such potential conflicts.
4.	Investment Manager/ Advisers
4.1.	In respect of any Investment Manager such information as is required to be disclosed under Item 5.1 of the Minimum Disclosure Requirements for the Equity Registration Document together with a description of its regulatory status and experience.
4.2.	In respect of any entity providing investment advice in relation to the assets of the Fund, the name and a brief description of such entity.
5.	Custody
5.1.	A full description of how the assets of the Fund will be held and by whom and any fiduciary or similar relationship between the fund and any third party in relation to custody: Where a custodian, trustee, or other fiduciary is appointed (a) such information as is required to be disclosed under item 5.1 of the Minimum Disclosure Requirements for the Equity Registration Document; (b) a description of the obligations of such party under the custody or similar agreement; (c) any sub-custody arrangements; and (d) the regulatory status of such party and delegates
5.2.	Where any entity other than those entities mentioned in 5.1 above, holds any assets of the Fund, a description of how these assets are held together with a description of any additional risks.
6.	Valuation/Redemption
6.1.	A description of how often, and the valuation principles and the method by which, the net asset value of the Fund will be determined, distinguishing between categories of investments as appropriate and a statement of how such net asset value will be communicated to shareholders.
6.2.	Details of all circumstances in which valuations and redemptions may be suspended and a statement of how such suspension will be communicated or made available to shareholders.
6.3.	A description of whether, and if so how often, and the method by which, units in a Fund can be redeemed.
6.4.	Details of the circumstances in which units may be compulsorily redeemed.
6.5.	Details of any provisions for limiting the amount of outstanding units which may be redeemed on any day and any special arrangements for dealing with requests in excess of such limits
7.	Cross Liabilities
7.1.	In the case of an Umbrella Fund, a statement of any cross liability that may occur between classes or sub funds and any action taken to limit such liability.
8.	Financial Information
8.1.	Where, since the date of incorporation or establishment, a Fund has not commenced operations and no accounts have been made up as at the date of the registration document, a statement to that effect.
8.2.	At the most recent practicable date, a comprehensive and meaningful analysis of the Fund's portfolio (if unaudited, clearly marked as such),
8.3.	A statement to the effect that 'The value of your investments may fluctuate. Past performance provides no guarantee for future performance'. This statement should take more prominence than any profit forecast or



	estimate.
8.4.	An indication of the most recent net asset value should be included in the securities note.



THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS
ANNEX H
SN BUILDING BLOCK ON UNDERLYING FOR EQUITY SECURITIES

1. Description of the underlying share

- 1.1. Describe the type and the class of the shares
- 1.2. Legislation under which the shares have been or will be created
- 1.3. Indication whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form. In the latter case, name and address of the entity in charge of keeping the records
- 1.4. Indication of the currency of the shares issue
- 1.5. A description of the rights, including any limitations of these, attached to the securities and procedure for the exercise of said rights

Dividend rights:

- Fixed date(s) on which the entitlement arises,
- Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates,
- Dividend restrictions and procedures for nonresident holders,
- Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.
- Voting rights.
- Pre-emption rights in offers for subscription of securities of the same class.
- Right to share in the issuer's profits.
- Rights to share in any surplus in the event of liquidation.
- Redemption provisions
- Conversion provisions

- 1.6. In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the shares have been or will be created and/or issued and indication of the issue date
- 1.7. Where and when the shares will be or have been admitted to trading
- 1.8. Description of any restrictions on the free transferability of the shares
- 1.9. Indication of the existence of any mandatory takeover bids/or squeeze-out and sell-out rules in relation to the shares
- 1.10. Indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof are to be stated
- 1.11. Impact on the issuer of the underlying share of the exercise of the right and potential dilution effect for the shareholders

2. When the issuer of the underlying is an entity belonging to the same group, the name of the issuer and details of where information on the issuer can be obtained.