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PRESS RELEASE

Results of the Second Meeting of CESR

During its second meeting, held in Madrid on December 10 and 11 and hosted by the Spanish Commission Nacional del Mercado de Valores (CNMV), CESR made significant progress on its work programme and has finalised the process of its establishment.

Before the end of the year, CESR will be publishing, for a last round of consultation, a revised version of its draft "Standards for Alternative Trading Systems" along with a feedback statement on the responses received from the previous consultation round. CESR plans to finalise these standards at its meeting in June. As a follow-up to this work and in order to contribute to the ongoing work on the revision of the ISD, an ad-hoc expert group has been established to prepare a discussion paper. The paper will focus on the broad issues related to other trading activities and in particular the appropriate level of transparency requirements. Thomas Goldmann, Director of the Austrian Securities Authority, will head this group.

CESR has also considered the preliminary results of the final consultation on its paper "Standards and Rules for Harmonising Core Conduct of Business Rules for Investor Protection" (Ref. CESR/01-014) (Ref. CESR/01-015), with the view of approving these standards at its next meeting in March 2002, in Paris.

Following a national consultation, on its paper "Measures to Promote Market Integrity" (Ref. FESCO/01-052f), CESR will revisit the document and will publish it as an orientation paper in anticipation of possible further work in this area as a result of the proposed directive on Market Abuse.

Following a fruitful consultation, CESR has adopted a revised version of its "Public Statement on Consultation Practices" (Ref. CESR/01-007c). The statement is attached. CESR will discuss at its next meeting in March the ways of making best use of a panel composed of market participants and other investors.

The members of the Committee have elected Mr Kaarlo Jännäri, Director General of the Finnish Rahoitustarkastus, Vice-Chairman of CESR for a two-year mandate.

Finally, the members have appointed Mr Fabrice Demarigny, full-time Secretary General of CESR.

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Notes for Editors:

CESR was established as an independent committee of European securities regulators. All undertakings, standards, commitments and work agreed within the Forum of the European Securities Commissions (FESCO) will be taken over by CESR. The role of this Committee is to:

- Improve co-ordination among securities regulators;
- Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
- Work to ensure more consistent and timely day to day implementation of community legislation in the member states.

The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the final report of the group of Wisemen on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself was endorsed by the Stockholm European Council Resolution.

Each Member State of the European Union has one member on the Committee. The members are nominated by the Members States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated John Mogg, Director general of the DG Market, as its representative. Furthermore, Securities authorities of Norway and Iceland are also represented, at a senior level.



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Public Statement of Consultation Practices

Having regard to the decision of the EU Commission establishing the Committee (2001/1501/EC) and, in particular, its article 5;

Having regard to the Charter of the Committee of European Securities Regulators ('the Charter'), which commits the Committee to make a Public Statement of its consultation practices;

Considering the Final Report of the Committee of Wise Men on the Regulation of European Securities Markets (15 February 2001) ("the Report") and its recommendations on the consultation procedures and transparency for the Committee;

Considering Article 5.7 of the Charter, which commits the Committee and its expert groups to working in an open and transparent manner;

Considering Article 5.10 and 5.11 of the Charter, which commits the Committee to using appropriate processes to consult (both *ex ante* and *ex post*) market participants, market operators, consumers and end-users;

The Committee of European Securities Regulators has approved the following statement for all its work including levels two and three as set out in the Report:

1. **The aim of consultation** is to build consensus where possible between all interested and affected parties on what legislation or regulation is appropriate and to improve the decision making process of the Committee by:
 - a) Benefiting from the expertise of market participants and operators, consumers and end-users, notably in assessing and analysing regulatory issues and possible solutions;
 - b) Assisting determination of whether a problem exists which requires a regulatory action, and if so, what form of regulatory actions is appropriate;
 - c) Providing opportunities for alternative approaches to a given issue to be considered;
 - d) Obtaining information and views on the potential impact of proposals;
 - e) Obtaining feedback on the Committee's work;
 - f) Promoting understanding of the work of the Committee and its role.
2. **To deliver this aim, the Committee emphasises,**
 - (i) **the need for all involved to "play a co-operative game"** (page 42 of the Report). This places mutual obligations on the Committee and those consulted to work in a manner that promotes the success of the process. This has particular significance at Level Two, where the scope and timetable of the Committee's work will be determined by mandates from the European Commission.
 - (ii) **the need for a flexible and proportionate approach to consultation** that can be adapted according to the significance of an issue.
3. **Notwithstanding the need for flexibility, the Committee will be guided by the following principles:**
 - a) On **who** it consults, the Committee will:
 - i) Target the full range of interested parties, including market participants, consumers and end-users;

- ii) Make consultation proposals widely known and available through all appropriate means, in particular the Internet;
- iii) Consult at national, european and international levels.
- b) On **when** it consults, the Committee will:
 - i) Publish an anticipated annual work programme so that all interested parties know when to expect output from the Committee;
 - ii) Publish any mandate received form the European Commission as soon as practical after receipt;
 - iii) Organise upon request informal discussions at an early stage with those most likely to be directly affected;
 - iv) Consult at a sufficiently early stage to enable the Committee to take the responses into account;
 - v) Allow those consulted adequate time to respond, given the complexity of the issue and the time available. For significant issues, the Committee will aim to allow a three month consultation period.
- c) On **how it consults**, the Committee will:
 - i) Provide an opportunity for interested parties to make submissions on receipt and publication by the Committee of a mandate from the European Commission;
 - ii) When necessary, release its thinking at various stages, including via concept releases;
 - iii) Produce reasoned consultative proposals, based on thorough analysis of the issues and objectives of the proposal and, where possible, on statistical information, expressed in concise and clear language, and, if possible, include in proposals preliminary information on their impact;
 - iv) Establish working consultative groups of experts where appropriate;
 - v) Consult using a variety of media, including public hearings/roundtables, written and Internet consultations. In the interests of efficiency, use of the Internet will be encouraged and facilitated;
 - vi) Use appropriate processes when necessary to target consultations better to particular affected parties (such as face to face meetings).
- d) On **how it responds** to consultation, the Committee will:
 - i) Give due consideration to responses received;
 - ii) Make public all responses to formal European consultations, unless the respondent requests otherwise, or make public a summary of the responses received;
 - iii) Publish a reasoned explanation addressing all major points raised;
 - iv) Consult for a second time if the response to the first consultation reveals significant problems, or where revised proposals are radically different from the original proposals on which consultation was based.
 - v) Publish all formal proposals and advice, including advice to the European Commission given under Level Two.
- 4. If it is not possible for the Committee to follow the principles described above, the Committee will publish its reasons.
- 5. When necessary, the Committee will review this statement of consultation practices.

Annex: CESR's Consultation Process

