



Date: June 11, 2001
Ref.: Fesco/01-103

PRESS RELEASE

FESCO Consults on the regulation of Primary market practices – Stabilisation and Allotment

FESCO has today published a second round of consultation on the paper “Stabilisation and Allotment”. A European supervisory approach (ref Fesco/ 01-37b) which has been prepared by an expert group chaired by Kaarlo Jännäri, head of the Finnish Rahoitustarkastus.

The paper is a revised version of the earlier consultation paper published in September 2000. The proposals on stabilisation were reviewed with a view to balancing transparency with the need to undertake stabilisation effectively. The proposals now presented aim at providing a safe harbour for stabilisation activities that will be accepted throughout Europe.

The entire section on allotment has been reviewed in light of the consultation feedback and the recently proposed Draft European Directive on prospectuses. The objective of this proposed Directive is to provide a European passport for issuers, which is based on the control of the prospectus solely by the home country authority. This change requires substantial harmonisation of key elements of the offering process, and in particular of the allotment.

In this connection, FESCO stresses the need to receive feedback in particular from consumer and investor associations both at the national and European level.

“Consumers and retail investors stand to profit significantly from these proposals, especially those on allotment, and it is vital that their voice be heard” says Kaarlo Jännäri, Chairman of the experts group.

This second round of consultation reflects FESCO’s commitment to work together with markets, firms, users and end investors to achieve balanced proposals. It also reflects FESCO’s aim to follow the more transparent consultation processes as called for in the Lamfalussy report.

The consultation will be undertaken from 11 June 2001 until 3 September 2001. Interested parties may review the document on the FESCO web site (www.eurofefesco.org), where they may also submit comments via e-mail (secretariat@eurofefesco.org). FESCO intends to finalize the paper thereafter, with the aim to publish the final version by the end of the year.

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