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**PUBLIC STATEMENT**  
**THE FIRST MEETING OF THE MARKET PARTICIPANTS CONSULTATIVE PANEL**

CESR held the first meeting of its Market Participants Consultative Panel on 24 September 2002 in Paris.

The discussion during the meeting was facilitated by Docters van Leeuwen, the Chairman of CESR. In his remarks, he thanked the panel for making time available for this work. He recognised the importance of the work, but also the impact it would have on the workloads of the individual members concerned. He reminded the Panel of CESR's public commitments to consultation. There were effectively three levels to this process. The first was the establishment of consultative groups of experts to assist CESR's expert groups on particular streams of work. Currently there are two of these groups in relation to the Level 2 work on market abuse and on prospectuses. The second level was the full consultation process which involved the release of consultation papers as well as open meetings. The third level, and the top tier, was this panel.

While the purpose of the Panel has been stated publicly, he reminded members that their role was essentially:

- First, to have an eye on the CESR process. He personally would welcome any information about deficiencies in the process that Panel members heard about.
- Second, in terms of the substance of what CESR was doing, the Panel had a role in identifying problems that CESR was not hearing.
- Third, to comment on CESR's work plans and priorities.
- Finally, to advise on current market issues.

The members recognised that there was considerable interest in the existence of this Panel. The Parliament had expressed interest, as had the Commission who would be sending an observer. It was therefore agreed that a short statement of proceedings should be published after each meeting. On no account would this statement identify individual positions.

In terms of process, it was agreed that the Chairman of CESR would act as a facilitator during meetings. His primary role was to ensure a fruitful discussion between Panel members.

Update on CESR's work

On market abuse, a short presentation was made of CESR's Level 2 advice. Key areas of concern related to the appropriate role for Level 2 law and the use of Level 3. There was some consensus that, particularly in the realm of market abuse, the use of hard-coded law was often inappropriate. Some members expressed a concern about the risk of CESR work being too detailed. Another exchange of views took place on the question of safe harbours for share buy-backs and for stabilisation. Some



members stressed the risks to market integrity and investor protection from these activities. Others saw the economic benefits of these activities and questioned the investor detriment.

On prospectuses, the discussion was focused, at the Chairman's request, on SMEs, where the debate was intense between the need for full disclosure to generate the confidence of investors and the cost of over-regulation, which might damage wealth creation and investor opportunity. The view of the Panel on balance was in favour of building investor confidence through high standards of disclosure in this area. The Panel exchanged views on how to improve cross-border capital raising and the risks and opportunities of such activity.

On clearing and settlement, the Chairman reported on the on-going work to flesh out the global standards established by the Committee of Payment and Settlement Systems (CPSS) and the International Organisation of Securities Commissions (IOSCO).

#### Major areas of work ahead

The Chairman briefly informed the Panel of the emerging workstreams namely, the Investment Services Directive, Regular Reporting and the Implementation of International Accounting Standards.

#### Market Developments and possible action by regulators

Panel members exchanged views on current market conditions. The focus was particularly on exploring whether there were any new developments in the market that were not only compounding current market difficulties but also required regulatory action. Caution was expressed about taking any action that would damage market liquidity. It was recognised that the transparency of short selling should be reviewed to ensure more consistency with the transparency of long positions.

#### Next meeting

It was agreed to hold further meetings in January, June and December 2003. The meetings would be somewhat longer and the CESR secretariat would provide an annotated agenda together with relevant supporting documents.

#### The members of the CESR Market Participant Consultative Panel are:

Pr Luis Miguel Beza, Consultant of the Executive Board, Banco Comercial Português

Dott Salvatore Bragantini, CEO, Centrobanca S.p.A.

Dr Rolf E Breuer, Chairman of the Supervisory Board, Deutsche Bank AG

Mr Donald Brydon, Chair of the Financial Services Practitioner Panel and Chairman of AXA Investment Managers

Mr Ignace Combes, Vice-President, Management Committee of the Board of Directors, Euroclear Bank

Mr P.F.F. de Vries, Director, Association of Shareholders, Vice-President, Euroshareholders

Mr Lars-Erik Forsgardh, President and CEO, Swedish Shareholders Association

Mr Dominique Hoenn, Deputy General Manager of BNP Paribas, Vice-Chair of the Supervisory Board of Euronext



Ms Sonja Lohse, Group Compliance Officer, Nordea AB

Mr Mariano Rabadan, Chairman of the Spanish Association of Investment and Pension Funds (INVERCO)

Pr Dr Emmanuel D. Xanthakis, Non-Executive President, Marfin Bank and Marfin Portfolio Investment Company