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PRESS RELEASE

CESR sees improvements in financial instruments disclosures by European financial institutions in 2009 accounts

CESR publishes today a follow-up statement (Ref. CESR/10-1183) on an earlier statement (Ref. CESR/09-821) on the "Application of Disclosure Requirements related to Financial Instruments in the 2008 Financial Statements of Financial Institutions" (hereafter "CESR on 2008's Financial Statements") published in November 2009.

In publishing this update, CESR restates its commitment to report to the market on the subsequent developments in the area of financial instruments disclosures under International Financial Reporting Standards (IFRS). This statement presents the main enforcement actions taken by European regulators with respect to 2008 IFRS financial instruments disclosures and the effects those actions had on firm's 2009 IFRS financial statements.

Fernando Restoy, Chair of CESR's Corporate Reporting Standing Committee and Vice-Chair of the Spanish Comisíon Nacional del Mercado de Valores (CNMV), noted:

> *"Last year's report revealed several areas with apparent deficiencies in the disclosure of financial instruments in the IFRS 2008 financial statements. European enforcers strengthened their enforcing and monitoring efforts and took further steps in increasing the issuers' awareness of the importance of such disclosure.*
>
> *After having analysed the 2009 IFRS financial statements, CESR welcomes the improvements made by the issuers while strongly encouraging financial institutions to continue to enhance or maintain their levels of transparency in the future."*

This 2009 Statement presents the actions taken by European enforcers on the infringements identified in the 2008 IFRS Financial Statements. It also presents a comparative analysis of the level of compliance on mandatory disclosures based on the review performed by CESR with respect to the sample of 96 financial institutions analysed in 2008 (Ref. CESR/10-1150).

Enforcement measures taken in 2010 in relation to financial instruments disclosures

As part of their supervisory role in relation to listed companies, European enforcers took various types of actions on the infringements identified in the 2008 IFRS financial statements, based on materiality, relevance to the issuer and the legal powers available to the enforcers in each country. As such, around 250 issuers have been subject to actions taken by enforcers, of which 28 were included in the sample of financial institutions reviewed for the purpose of CESR 2008 Statement. Enforcers supplemented such measures by alerting issuers on areas such as the fair value hierarchy, impairment of financial assets and liquidity risk disclosures which were to be closely monitored in the process of the preparation of the 2009 IFRS financial statements.

Areas of significant improvement in 2009 IFRS Financial Statements

Generally, improvements have been identified in all areas. The detailed results on improved compliance are presented in section two of the report either as "significant" or as "some improvement", based on whether the level of compliance has increased by more or less than 15% compared to the previous period. Disclosure requirements related to valuation techniques, an entity's own credit risk, credit risk, day one profit or losses and special purposes entities were areas where significant improvement was noted.

The report also outlines that the amendments to IFRS 7, mandatory for the periods started after 1 January 2009, and designed to provide information on the fair value hierarchy used by the companies also saw a high level of compliance.

Notes for editors:

1. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to improve co-ordination among securities regulators and act as an advisory group to assist the European 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 initially established under the terms of the European Commission's decision of 6 June 2001 (2001/527/EC) which was repealed and replaced by the Commission Decision of 23 January 2009 (2009/77/EC). CESR was one of the two Committees first envisaged in the Final Report of the Group of Wise Men on the regulation of European securities markets chaired by Baron Alexandre Lamfalussy. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.

2. Each Member State of the European Union has one Member in the Committee. The members are nominated by the Member States and are the heads of the national public authorities competent in the field of securities. The European Commission has nominated as its representative the Director General of the DG MARKT. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level as observers.

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