



The Committee of European
Securities Regulators



REPORT
2001-2002

Annual Report of
The Committee of European Securities Regulators (CESR)
To
The European Commission
And to
The European Parliament
The ECOFIN Council

2001/2002

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Foreword by the Chairman of the Committee of European Securities Regulators (CESR)

On behalf of my colleagues in the Committee of European Securities Regulators (CESR) and with the support of Mr Kaarlo Jännäri, Vice Chairman of CESR, I am pleased to present the first annual report of CESR.

CESR has completed its first year of existence, giving life to the Lamfalussy approach as adopted by the European Council, the European Parliament and the European Commission. Our organization Charter and administrative arrangements are now in place and functioning. Consultation of practitioners, end-users and consumers is at the heart of our working practices. In this regard we are particularly thankful to numerous respondents to our consultations and to the members of the Market Participants Consultative Panel for their very valuable input to our work.

The current activities of CESR are essentially driven by the need to implement the Financial Services Action Plan (FSAP). Recent events have shown that the action points listed in the FSAP are accurate and that they are instrumental in restoring investor confidence in financial markets.

CESR and its members are still in the process of testing the four level approach. At Level 2, a first set of proposed implementing measures on the Market Abuse Directive and on the Prospectus Directive will be sent to the European Commission in the coming months. We sincerely hope that we have responded to expectations for the appropriate, sensible and well consulted upon regulation of the Single Market for financial services. More is expected in 2003 on the regulation of investment services, takeover bids, transparency of listed companies and possibly UCITS.

Ahead of us is also Level 3. In other words, we must ensure that the regulatory work of the Union is translated into reality through the consistent day-to-day implementation of legislation and standards by the network of national regulators across Europe. In this respect, the EU institutions could be of enormous assistance when defining the necessary powers of competent authorities in the directives. The efficiency of the network of CESR members relies significantly upon them.

The year 2002 has been a difficult one for market players worldwide. We have seen how confidence that has taken years to build can disappear in a day. Without robust enforcement of securities law, investors will shift portfolios into other assets and capital allocation and growth will be damaged. I should stress that investors behave similarly on both sides of the Atlantic and therefore coordination with the US Securities and Exchange Commission when deciding on major regulatory provisions is crucial.

We also wish to affiliate the securities regulators from Accession Countries to the Union to CESR's objectives as soon as possible. Their awareness of our work and the establishment of close cooperative relations are crucial for the safe and effective functioning of an enlarged Single Market for financial services.

Finally, I should stress that our current tasks and the work program for 2003 will require appropriate resources to which interested parties should be ready to contribute.

I look forward to reporting further on our activities.



Arthur Docters van Leeuwen

CESR ~ a snapshot

What is CESR?

The Committee of European Securities Regulators (CESR) was established by the European Commission Decision of June 2001. This decision was taken in the light of the recommendation of the Report of the Committee of Wise Men on the Regulation of European Securities Markets as endorsed by the Heads of State and Government at the European Council in Stockholm on the 23 March 2001 and the European Parliament on the 5 February 2002. CESR is an independent Committee comprised of senior European securities regulators. The CESR Chair and Vice-Chair are elected from among the Members for a period of two years. The Committee meets at least four times a year. CESR works with its own budget and with the support of a secretariat, located in its own premises since August 2002. A representative of the European Commission is entitled to participate actively in CESR's work.

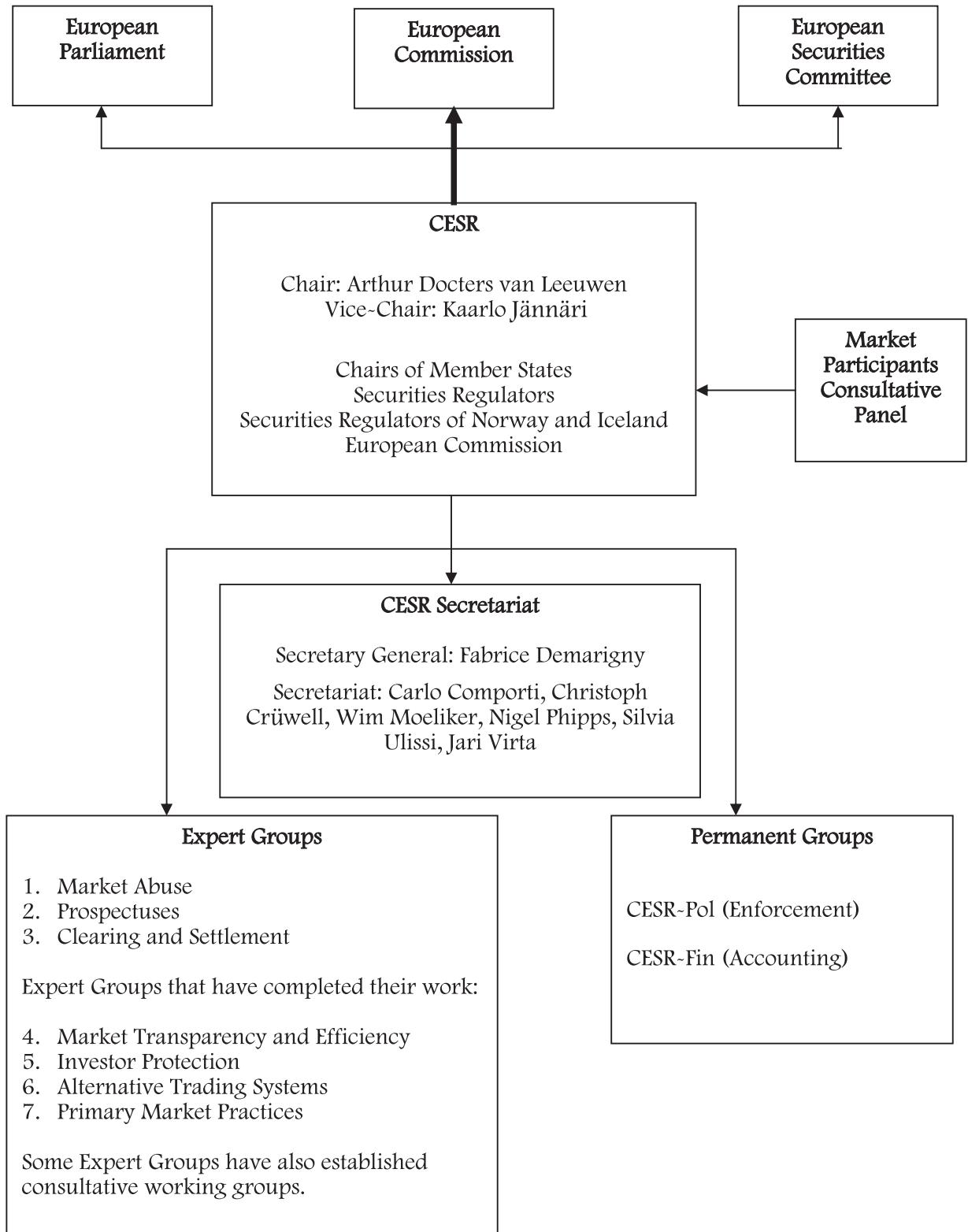
CESR's role is to:

- improve co-ordination among European securities regulators;
- act as an advisory group assisting the European Commission, in particular in its preparation of draft implementing measures to support the legislative framework for the regulation of Europe's securities markets;
- work to ensure more consistent and timely day to day implementation of the European legislative framework in the Members States by issuing guidelines, recommendations and standards.

CESR's key stakeholders are:

- The European institutions;
- National finance ministries;
- Market participants and consumers such as retail and professional investors, financial intermediaries, listed companies and trade associations;
- Accession countries;
- Other global securities regulators through IOSCO.

Organisation Chart



Summary of Final Outputs 2001/02

- Prospectuses: Publication of "A European passport for Issuers - A Report for the EU Commission." (January 2001)
- Accounting/CESR-Fin : Publication of response to the EU's new Accounting Strategy. (April 2001)
- Clearing and settlement: Agreement on framework for co-operation between CESR and the European Central Bank (ECB) on securities clearing and settlement systems. (September 2001)
- Public Statement of Consultation Practices: The document sets out the detail of CESR's obligation to consult widely with market participants ahead of issuing advice to the European Commission and standards. (December 2001)
- Measures to promote market integrity: An orientation paper. (January 2002)
- Conduct of Business: Publication of CESR Standard, "A European Regime of investor protection - The Harmonisation of Conduct of Business Rules for Retail Investors." (April 2002)
- Primary Market Practices: Publication of CESR Standard, "Stabilisation and Allotment - a European Supervisory Approach." (April 2002)
- Market Transparency and Efficiency: Publication of response to the EU Commission on the Second Consultation on the Revision of the ISD. (June 2002)
- Standards for Investor Protection: Publication of a "European Regime of Investor Protection - the Professional and the Counterparty Regimes." (July 2002)
- ATSS: Publication of CESR Standards for Alternative Trading Systems. (July 2002)

'Lamfalussy' and CESR

Background

CESR was established by the European Commission Decision of June 2001. This Decision was taken in the light of the recommendation of the Report of the Committee of Wise Men on the Regulation of European Securities Markets (Lamfalussy Report), as endorsed by Heads of State and Government at the European Council at Stockholm on the 23 March 2001.¹

The European Parliament endorsed the decision on 5 February 2002, reaffirming the aim of establishing a single market in financial services as soon as possible. After the vote, the President of the European Commission, Romano Prodi said: "This vote by the Parliament sends a very positive signal for the goal of making Europe the most competitive economy in the world by 2010 and for our institutional partnership with the Council and European Parliament." Internal Market Commissioner Frits Bolkestein added: "This is a tremendous breakthrough for the creation of an integrated European financial market, and is one that financial markets, investors and regulators have been hoping for."

Rationale for reform

The Committee of Wise Men, chaired by Baron Alexandre Lamfalussy, highlighted that blockages occurred in the legislative system in all areas :

- "European Commission - over-stretched and sometimes slow off the mark ;
- European Council of Ministers - the tendency to add unnecessary levels of complexity to straightforward Commission proposals ;
- European Parliament - although much less than in the past ;
- Member States - where transposition and implementation are often late and frequently incomplete ;
- Regulators - diverging approach to regulation across Europe leads to fragmentation at the implementation stage."

In other words, the system was identified as being too slow, too rigid, producing too much ambiguity and failing to distinguish between core, enduring, essential framework principles and practical day to day implementing rules. The reforms outlined in the report to overcome these major shortcomings proposed a four level approach and the creation of the European Securities Committee (ESC) and CESR. These Committees were formally established in June 2001 and met first in September 2001.

¹ See page 7 for links to and titles of the key texts.

The Four level approach

1. In Level 1, the Commission adopts the formal proposal for a Directive or Regulation after a full consultation process. Once the Parliament and the Council reach agreement on the framework principles and the definition of implementing powers contained in the proposal, the detailed implementing measures are developed in Level 2. Lamfalussy therefore encourages the EU institutions to speed up the adoption of Level 1 instruments.
2. In Level 2, the Commission, after consulting the ESC, requests advice from CESR on technical implementing measures. CESR prepares advice in consultation with market participants, end-users and consumers, and submits it to the Commission. The Commission sets out the measures in a proposal to the ESC that will then vote on the proposal within a maximum of three months. The Commission then adopts the measure. During the Level 2 process, the Parliament is kept fully informed and equivalent treatment is given to its view.
3. In Level 3, CESR works on joint interpretation recommendations, consistent guidelines and common standards. Additionally CESR will undertake peer reviews and compare regulatory practice to ensure consistent implementation and application.
4. In Level 4, the Commission checks Member State compliance with EU legislation and may take legal action against Member States suspected of breaching Community Law.

CESR Consultation Process

In exercising its role, CESR is committed to work in an open and transparent manner and to widely consult the full range of interested parties as stated in its Public Statement on Consultation Practices (Ref. CESR/01-007b). Particular attention is given to ensuring that the interests of individual investors are appropriately heard. The CESR consultation process constitutes three main elements:

- CESR publishes a mandate, puts out a call for evidence and establishes an Expert group to advise on the Level 2 technical implementing measures. If necessary, an Expert group can be assisted by a consultative working group of market participants. At this stage, discussions will take place with those parties most likely to be directly affected by the mandate.
- Consultation documents produced by Expert groups are then distributed for wider consultation, primarily by means of the CESR website. During this phase of consultation, responses are invited from all interested parties including practitioners, end-users and consumers. Once the consultation period has closed, CESR considers and takes into account the responses received. All responses to formal consultations will eventually be made public by CESR, unless a respondent requests otherwise, or alternatively a summary of responses will be published. A subsequent consultation may take place if the response to the first consultation reveals significant problems, or where revised proposals differ considerably from those outlined in the first consultation document. Several open hearings and bi-lateral meetings may also take place, as has been the case for the Level 2 work on Market Abuse and Prospectuses.
- The third stage of the process is the high level Market Participants Consultative Panel, which was established at the suggestion of the European Parliament and the Lamfalussy Committee to assist CESR in the performance of its functions. The Panel is comprised of 11 members, including end-users and consumers, who are appointed in a personal capacity. The Panel will act as a "sounding" board for CESR and will comment on the way in which CESR exercises its functions, in particular the manner in which CESR consults. The first meeting of the Panel was held in Paris on 24 September 2002 and a summary of the discussion at this meeting has been published on the CESR website. The Chair of CESR, the Chairs of Expert Groups and the Secretary General will meet with the Panel on an ongoing basis to maintain a dialogue and update the Panel on CESR's work.

Membership of Market Participants Consultative Panel

Pr Luis Miguel Beleza

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.P.F. de Vries

Director, Association of Shareholders, Vice-President, Euroshareholders

Mr Lars-Erik Forsgårdh

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 Rabadán

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

Key texts in the establishment of CESR

- European Commission Decision, June 2001
<http://www.europefesco.org/v1/documents/CommissionDecision.pdf>
- Lamfalussy Report
<http://www.europefesco.org/v1/documents/LamfalussyReport.pdf>
- Stockholm Resolution, 23 March 2001
<http://www.europefesco.org/v1/documents/ResolutionStockholm.pdf>
- European Parliament Resolution, 5 February 2002
<http://www.europefesco.org/v1/documents/EPResolutionWogau.pdf>
- CESR Charter
<http://www.europefesco.org/v1/documents/Charter-va.pdf>
- CESR Public Statement of Consultation Practices
<http://www.europefesco.org/v1/documents/01-007c.pdf>

Regulatory change in Europe

The last few years have witnessed significant developments with regards to defining the structure and remit of European securities regulators:

- In Austria, the Financial Market Authority (FMA) came into being on 1 April 2002. All supervisory tasks were transferred from the Federal Ministry of Finance (banking, insurance and pension funds) and the Austrian Securities Authority (securities supervision) to the new supervisory body.
- In Belgium, a law was passed in August 2002 that has extensively reformed the supervision of the Belgian financial sector, although most of its provisions have yet to come into effect. The new law brings substantial changes to the legal framework of the organization and supervision of secondary markets, the legal status of the Banking and Finance Commission (BFC) and the co-ordination of financial sector supervision. In respect of secondary market organization and supervision, the law no longer provides for market authorities and a number of supervisory tasks previously handled by the market authorities of Euronext Brussels and Nasdaq Europe have been transferred to the BFC. These tasks include the supervision of compliance with the rules of conduct and supervision to avoid insider trading and price manipulation. The BFC will become the sole supervisor of the financial (periodical and occasional) information of listed companies.
- In France, the legislation required to merge the Commission des Opérations de Bourse (COB) and the Conseil des Marchés Financiers (CMF) fell victim to the parliamentary timetable in the run-up to the elections but is now back on the agenda for 2003.
- In Finland, a small task force (two permanent Secretaries of State) was established to produce proposals for a merger of the Rahoitustarkastus (banks and securities markets) and the Insurance Supervision Authority. In January 2002 the Government decided not to merge the two supervisory organizations. However the Government also nominated a Committee to assess the need for further legislation to ensure a level playing field for savings products, financial instruments and life insurance products. The Committee's mandate is to see that differing regulations are not unjustifiably applied to such mutually competing products or to the providers of such products. The Committee should make its proposals by the end of May 2003.
- In Germany, the passing of the law on integrated financial services supervision on 25 May 2002 gave rise to the creation of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) on 1 May 2002. The new institution brings together under one roof, BaKred (banking), BaV (insurance) and BaWe (securities). It has responsibility for prudential solvency supervision and consumer protection. BaFin, a federal institution of public law employing in excess of 1000 people, is located in Bonn and Frankfurt.
- In Ireland, it is expected that the new single regulatory authority will commence in the early months of 2003. An interim board of the Irish Financial Services Regulatory Authority (IFSRA) was appointed in April 2002 to prepare for its formal establishment. IFSRA will operate as a distinct component and with a large degree of operational independence within an overarching organization entitled Central Bank of Ireland and Financial Services Authority (CBIFSA). IFSRA will be directly accountable to the Irish Parliament.

- In the Netherlands, changes to the supervisory structure entered into force on 1 September 2002 and the Dutch supervisory model moved from a sectoral to a functional approach. The Netherlands Authority for the Financial Markets has assumed responsibility for all conduct of business, market and investor protection regulation across all sectors. De Nederlandsche Bank and the Pensions & Insurance Supervisory Authority both remain and will be responsible, in close co-operation, for prudential supervision. System responsibility remains with De Nederlandsche Bank.
- In the UK, the Financial Services and Markets Act was implemented on 1 December 2001. On that date, the Financial Services Authority (FSA) assumed all its responsibilities and became the UK's single financial regulator.

Areas of activity

1. Transparency and Efficiency

Expert Group chaired by Claes Norgren, Director General of the Swedish Finansinspektionen.

EU securities markets have changed rapidly and become more and more integrated. At the same time trading patterns have changed. These developments in market structure may have important consequences for the price formation process and market efficiency.

In its work the group considered the following aspects relating to market transparency and efficiency, and especially their interaction:

- market transparency;
- the price formation process;
- different market structures; and
- best execution (and other aspects of investor protection).

The group started its work by preparing a CESR response to the EU Commission's consultation on the Investment Services Directive (ISD). Simultaneously the group launched a questionnaire on current rules and practices in CESR member jurisdictions. The group also arranged a seminar with market participants in order to facilitate discussion on current practices, identify potential difficulties and to hear views from a wide range of interested parties. The group delivered a response to the second ISD consultation to the European Commission in June 2002, (CESR 02-082b).

2. Standards for Investor Protection

Expert Group chaired by Jacob Kaptein, Commissioner of the Netherlands Authorities for the Financial Markets.

The Expert Group's objective was to agree a set of standards for investor protection by harmonising the rules of conduct applicable to retail and professional business in Europe. To achieve this goal the Expert Group has published two papers, the first in April 2002 setting out the detailed conduct of business rules applicable to investment services provided to non-professional customers, the "retail regime" (CESR/01 - 014d). In July 2002, CESR agreed the paper setting out the regime applicable to investment services provided to non-professional customers (CESR/02-98b).

The retail regime covers the core conduct of business rules covering standards and rules of general application, information to be provided to customers, the know your customer standard and the duty of care, customer agreements, dealing requirements and individual discretionary portfolio management. The second paper sets out the process for establishing whether a customer meets the criteria for being considered a professional investor. It then sets out the core conduct of business rules which should apply to investment services between investment firms and professionals and the core standards for counterparty relationships where these exist.

Several open hearings and bi-lateral meetings with practitioners, consumers and end users were held during the course of this work. All comments received in response to the consultative working papers are published on the CESR web site.

3. Alternative Trading Systems

Expert Group chaired by Howard Davies, Chairman of the UK Financial Services Authority.

In July, CESR published the paper on European Standards for Alternative Trading Systems (CESR/02-086b). The paper sets out standards for ATSS in the European Economic Area with a view to providing appropriate regulation of investment firms operating ATSS under the current ISD. The paper identifies standards in particular areas in which CESR believes additional regulation is required to secure the two primary objectives of market integrity and investor protection. These standards cover notification requirements, transparency, reporting rules and the prevention of market abuse.

4. Clearing and Settlement

Joint working group between CESR and the European Central Bank, co-chaired by Eddy Wymeersch, Chairman of the Belgium Commission Bancaire et Financière and Jean-Michel Godeffroy, Director General of the ECB.

The work of the group should be viewed in the context of the overall efforts by public authorities to ensure the efficient and proper functioning of securities clearing and settlement arrangements. The interest of central banks arises from the relevance of these arrangements for the smooth execution of monetary policy, the correct functioning of payment systems and financial stability. Securities regulators are interested in maintaining confidence in the safety and reliability of systems in order to maintain market efficiency and ensure investor protection.

There are two particular streams of work. The first involves the adaptation of the CPSS/IOSCO recommendations for securities settlement systems to the European environment. It was recognised from the outset that the CPSS/IOSCO recommendations represent an obvious starting point for any work to be undertaken on the issue of setting standards for securities clearing and settlement. However, given their fairly broad scope, it appears necessary to examine each of these recommendations with a view to identifying whether there is a need for deepening and strengthening the underlying criteria for application in the European context. Consultation on this stream of work is expected in 2003.

The second area of work relates to the analysis of central counterparties (CCPs) clearing activities in Europe with a view to identifying a suitable regulatory approach. CCP activity has not been the subject of in depth consideration in the elaboration of the CPSS/IOSCO recommendations.

A call for evidence was published at the outset of this work in order to collect views from all interested parties. Contributions received are publicly available on the CESR web site.

5. Market Abuse

Expert Group chaired by Stavros Thomadakis, Chairman of the Hellenic Capital Market Commission.

In July, CESR issued its Level 2 consultation on possible implementation measures for the proposed Market Abuse Directive. This paper sets out for consultation, CESR's advice to the EU Commission on the detailed technical measures needed to implement the proposed Market Abuse Directive on the basis of a provisional mandate given to CESR by the European Commission.

Under the mandate, CESR has been asked to provide its advice to the Commission on the appropriate measures by 31 December 2002. The measures cover :

- the definitions of inside information and market manipulation;
- the disclosure obligations of issuers;
- the requirements for research; and
- the safeharbours for share buy-backs and stabilisation.

The consultation closed on 30 September 2002 and the Expert Group is now finalising its advice for submission to the Commission. The Expert Group has been assisted by a Consultative Working Group of market and investor experts drawn from across the Union. The members of the Consultative Working Group provided valuable input to the work of the Expert Group when considering the development of the consultation paper.²

6. Prospectuses

Expert Group chaired by Fernando Teixeira dos Santos, Chairman of the Portuguese Securities Market Commission.

The European Commission sent CESR a provisional mandate for technical advice on the possible implementing measures for the future directive on prospectuses. Under the terms of the mandate, CESR was asked to provide advice in the following areas:

- the possible disclosure requirements based on the basic structure and typical main features of different types of securities;
- the documents that can be incorporated by reference in a prospectus; and
- the principles on ensuring availability of the prospectus.

In addition, the Commission invited CESR to provide factual information on the way in which prospectuses are controlled, scrutinised and approved in the member states and on deadlines/time allowed for publication of the prospectus once a competent authority has approved it. CESR delivered this information in the early summer.

A consultation paper was issued in October for closure on 31 December (CESR/02185b). Under the terms of the provisional mandate, CESR must deliver its advice to the Commission by 31 March 2003.

² The members of the Market Abuse Consultative Working Group are:
Dr C Hausmaninger, Hausmaninger Herbst Wietrzyk, Austria
Mr P Verelst, Interbrew NV, Belgium
Me M N Dompé, Darrois Villet Maillot, France
Mr U Bosch, Deutsche Bank AG, Germany
Dr C Di Noia, Assonime (The Association of Italy's Limited Liabilities Companies), Italy
Mr J Thiriart, Luxembourg Stock Exchange, Luxembourg
Prof S Eisma, De Brauw Blackstone Westbroek, Netherlands
Mr F Rognlien, The Association of Norwegian Stockbroking Companies, Norway
Mr A del Campo, Banco Bilbao Vizcaya Argentaria (BBVA), Spain
Mr L Milberg, The Swedish Shareholders Association, Sweden
Mr M McKee, British Bankers Association, UK

The Expert group has been assisted in its work by a Consultative Working Group composed of practitioners and/or experts drawn from across the Union.³

7. Accounting (CESR-Fin)

Permanent group chaired by Henrik Bjerre-Nielson, Chairman of the Danish Finanstilsynet.

CESR-Fin was set up in 2001 as a permanent group dealing with accounting issues. The committee has established two sub-committees - one on endorsement of international standards (SISE) and one on enforcement of international standards (SCE). CESR-Fin also provides observers on the European Union's accounting regulatory committee, the technical expert group of EFRAG and EFRAG's insurance sub-committee.

In the period under review, CESR-Fin has focussed its attention on issues arising from the EU's regulation on the application of international accounting standards. Other areas of activity have included auditing and aspects of financial reporting in relation to share based payments.

SISE has focussed primarily on the issues arising from the implementation of international accounting standards in the EU. Other work includes technical work on exposure drafts from the IASB and the issues arising from the comparability of information during the transition phase. The work plan going forward includes the development of a framework for the consistent interpretation and application of international accounting standards.

The enforcement sub-committee has produced a draft statement of principles on the enforcement of accounting standards in Europe on which CESR is currently consulting. Other areas of work include the selection methods and the powers to be attributed to enforcers.

8. Enforcement (CESR-Pol)

Permanent group chaired by Susanne Bergsträsser, Head of Section, BAfin.

CESR-Pol brings together senior enforcement officials from all the members of CESR. The group is designed to enhance the sharing of information, co-operation and co-ordination of surveillance and enforcement activities between CESR members. It is tasked with considering and reporting on practical and legal issues that affect these activities and to provide a forum for an exchange of experiences between members.

³ The members of the Prospectuses Consultative Working Group are:

Ms Ann Fitzgerald, Irish Association of Investment Managers, Secretary General, Ireland

Mr Daniel Hurstel, Willkie, Farr & Gallagher, International Bar Association's Issues and Trading in Securities Committee, France

Mr Jaap Winter, Unilever, Netherlands

Ms Kaarina Ståhlberg, Nokia, Finland

Mr Lars Milberg, Shareholder Ombudsman (shareholder association), Sweden

Mr Pierre Lebeau, Petercam, Belgium

Mr Regis Ramseyer, Certified Internal Auditor of the Institute of Internal Auditors, Luxembourg

Mr Stefano Vincenzi, Mediobanca, Italy

Mr Torkild Varran, Avanse Forvaltning (investment-fund), Norway

Mr Victor Pisante, EFG Eurobank-Ergasias, S.A., Greece

Mr Wolfgang Gerhardt, Sal. Oppenheim Jr and Cie, Germany.

The areas of work currently being undertaken by CESR-Pol include:

- issues arising from the investigation of terrorist financing;
- the means for improving co-operation under the ISD particularly in relation to the powers available to supervisors and the supervision of remote members;
- relations with uncooperative jurisdictions;
- the functioning of CESR's multi-lateral memorandum of understanding;
- relations with authorities in the EU's applicant countries; and
- the European Convention on Human Rights.

CESR work programme ~ 2002/03

The Expert Group on Market Abuse, chaired by Stavros Thomadakis (Chairman of the Hellenic Capital Market Commission) will, in response to the European Commission mandate, continue to work on Level 2 advice in consultation with CESR's stakeholders. In accordance with the mandate, CESR will deliver its advice to the European Commission by the end of December 2002.

The Expert Group on Prospectuses, chaired by Fernando Teixeira dos Santos (Chairman of the Portuguese Securities Market Commission) will, in response to the Commission mandate, issue Level 2 advice. A consultation paper was issued in September and the final advice will be delivered to the European Commission by end March 2003.

Clearing and settlement. A joint working group has been set up with the European Central Bank. It is co-chaired by Eddy Wymeersch, Chairman of the Belgian Commission Bancaire et Financière and Jean-Michel Godeffroy, Director General of the ECB. The group is working on the strengthening and deepening of the CPSS/IOSCO "Recommendations for Securities Settlement Systems" to the European environment. A consultation paper is expected in 2003.

In 2003, CESR expects to:

- Continue work on aspects of the ISD in line with the provisions of the draft directive amending the ISD, which will include several implementing measures on which CESR will advise the European Commission;
- Respond to other mandates from the European Commission, possibly in the areas of transparency obligations of listed companies and take-over bids;
- Establish its full role in the implementation of international accounting standards;
- Enhance co-operation through CESR-Pol of its network of enforcement officials;
- Implement its standards on conduct of business and alternative trading standards through public disclosure of transposition of standards and monitoring of implementation;
- Ensure consistent application of the market abuse and prospectus directives once agreed and implemented into national law and to respond to any further mandates for advice on Level 2 measures received from the Commission;
- Continue to play its role in facilitating the realisation of the Financial Services Action Plan;
- Ensure the integration of the Accession countries into the work of CESR in accordance with a timetable agreed with the EU Commission.

CESR Members

FINANCIAL MARKET AUTHORITY (FMA) - Austria Member: Kurt PRIBIL (Director)
COMMISSION BANCAIRE ET FINANCIERE/COMMISSIE VOOR HET BANK- EN FINANCIWEZEN/ KOMMISSION FÜR DAS BANK- UND FINANZWESEN - Belgium Member: Eddy WYMEERSCH (Chairman)
FINANSTILSYNET - Denmark Member: Henrik BJERRE NIELSEN (Director General)
RAHOITUSTARKASTUS - Finland Member: Kaarlo JÄNNÄRI (Director General)
COMMISSION DES OPERATIONS DE BOURSE (COB) - France Member: Jean-François LEPETIT (Chairman)
BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT (BAFin) - Germany Member: Jochen SANIO (Chairman)
ΕΠΙΤΡΟΠΗ ΚΕΦΑΛΑΙΑΓΟΡΑΣ / CAPITAL MARKET COMMISSION (CMC) - Greece Member: Stavros THOMADAKIS (Chairman)
FINANCIAL SUPERVISORY AUTHORITY - Iceland Member: Páll Gunnar PÁLSSON (Director General)
CENTRAL BANK OF IRELAND - Ireland Member: Liam O'REILLY (Assistant Director General)
COMMISSIONE NAZIONALE PER LE SOCIETÀ E LA BORSA (CONSOB) - Italy Member: Luigi SPAVENTA (Chairman)
COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER (CSSF) - Luxembourg Member: Jean-Nicolas SCHAUS (Director General)
AUTORITEIT FINANCIËLE MARKTEN (AUTORITEIT-FM) - Netherlands Member: Jacob KAPTEIN (Commissioner)
KREDITTILSYNET - Norway Member: Eirik BUNAES (Deputy Director General)
COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS (CMVM) - Portugal Member: Fernando TEIXEIRA DOS SANTOS (Chairman)
COMISIÓN NACIONAL DEL MERCADO DE VALORES (CNMV) - Spain Member: Blas CALZADA (Chairman)
FINANSINSPEKTIONEN - Sweden Member: Claes NORGREN (Director General)
FINANCIAL SERVICES AUTHORITY (FSA) - United Kingdom Member: Howard DAVIES (Chairman)
EUROPEAN COMMISSION Alexander SCHAUB (Director General - DG Internal Market)

For further information about CESR please contact:

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