



European Banking Federation



## PRESS RELEASE

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### **BANKS AND EMPLOYERS CLAIM ISSUER CHOICE OF REGULATION IS INVESTORS' BEST PROTECTION**

At its 30 September meeting, the Council of Ministers' working group decided to bring to the political level the definition of home country in the context of approval procedures for offering documents, which must be presented by issuers. The definition of home country forms a key element of the Commission's Prospectus Directive proposal of August 2002, currently under deliberation by the Member States.

FBE and UNICE, in a joint letter to Council representatives prior to yesterday's meeting\*, had urged Member States to allow issuers to continue with current market offering practices and file their offer documents for approval with the regulator of their choice. They strongly believe that adoption of the Commission's proposal will weaken investor protection, disregard the current product specialisation developed by regulators and indeed fragment markets to the detriment of an integrated European capital market.

FBE and UNICE feel that the "proximity" factor and product knowledge play an essential role in the context of investor protection and should therefore be kept at national level. They do not see any reason to change this practice, except for market protectionist attitudes, which should be absolutely rejected.

The re-nationalisation of markets would be the direct consequence of the proposal as currently favoured by the Council. FBE and UNICE would prefer to see ECOFIN adopt the Parliament's more flexible views when it makes its final decision. They are hopeful that the political representatives, who will meet in October to finalise the work of the Council before the November ECOFIN, will find a good solution to this key issue. As a minimum, all non-equity issuers should have the choice of competent authority without any restriction of denomination.

FBE and UNICE underline that issuers have had to wait for ten years to see the current regulatory framework revised in order to overcome current mutual recognition problems. They are convinced that the Council of Ministers is faced with a golden opportunity to increase competitiveness in Europe by supporting current offering practices and by refusing to re-nationalise markets.

\* A copy of the letter is available from the web sites of both UNICE ([www.unice.org](http://www.unice.org)) and FBE ([www.fbe.be](http://www.fbe.be)).

#### Note to the Editor:

*The European Banking Federation (FBE) represents the interests of 3000 banks from the EU Iceland, Norway and Switzerland, with total assets of more than 10 000 billion euros.*

*UNICE is the official voice of more than 16 million small, medium and large companies active in Europe, employing over 106 million people. UNICE's members are 34 central industrial and employers federations from 27 countries, working together to achieve growth and competitiveness in Europe.*

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