

UNICE

THE VOICE OF BUSINESS IN EUROPE

22.6/23/1

Mr Giulio Tremonti
President of the Economic and Financial Affairs Council
Ministero dell'Economia e delle Finanze
Via XX Settembre, 97

I-00187 ROMA

21 November 2003

THE SECRETARY GENERAL

Dear President,

In view of the Economic and Financial Affairs Council meeting to take place on 25 November 2003, we would like to draw your attention to the concerns of European businesses regarding the transparency obligations directive, currently undergoing first reading in the so-called 'co-decision' procedure.

UNICE supports EU efforts to build an integrated EU capital market by enhancing the quality and the comparability of financial statements by publicly traded companies and the intention of improving market transparency is commendable.

Nevertheless, whilst pursuing the aim of improving transparency, the right balance must be found to avoid imposing unrealistic obligations and administrative burdens on European companies which would be to the detriment to Europe's competitiveness.

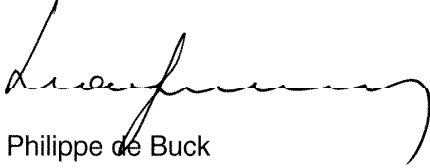
In particular, UNICE is opposed to any legislation which would provide for mandatory quarterly reporting: such a requirement shall increase short-term earnings pressure on companies with a detrimental influence on governance and favours short term strategy at the expense of a long term vision of company's management.

UNICE is of the opinion that interim reporting between half-year and full-year figures should be a voluntary matter for companies, not necessarily on a quarterly basis, but on such occasions when it is appropriate to inform the market about information available to the company and to prevent a false market occurring in its traded securities, i.e. a trading update rather than formal quarterly reporting.

As indicated in the UNICE comments at annex, there are several other provisions in the proposed Directive which are extremely worrying for European companies and request urgent attention from your Council if European companies and capital markets are to thrive to the benefit of all concerned.

We would greatly appreciate it if you could ensure that these concerns of European companies are brought to the attention of other members of the Economic and Financial Affairs Council's attention.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philippe de Buck', written in a cursive style.

Philippe de Buck

Encl.: 1