

UNICE

THE VOICE OF BUSINESS IN EUROPE

Mr Arthur Docters van Leeuwen
Chairman of the Committee of European Securities
Regulators (CESR)
11-13 avenue de Friedland
F - 75008 Paris
France

7 April 2004

THE SECRETARY GENERAL

Dear Mr Docters van Leeuwen,

We have read with great concern the 'Public Statement' released by the Market Participants Consultative Panel further to its fifth meeting on 11 March 2004.

At this meeting, the Consultative Panel (created by CESR [Committee of European Securities Regulators] in June 2002) focussed on corporate governance.

In the above-mentioned Public Statement, members of the panel voice their support for a European code of corporate governance, highlighting that the benefits would be mainly for large companies. In the short term, the panel recommends, "*establishing a common framework of principles, mandatory at European level and enforceable by competent authorities*". Furthermore, it recommends that national codes should be consistent with the framework principles and coordinated within a European Corporate Governance Forum.

UNICE would like to take this opportunity to reiterate its long standing and strong opposition to a European code on corporate governance and to a European Corporate Governance Forum for the following reasons :

European corporate governance code

The afore-mentioned Panel recommendations are in contradiction with the view expressed in the European Commission's Company Law and Corporate Governance Action Plan. This view is supported by UNICE and the vast majority of comments received by the Commission.

There is broad agreement that there is no need for a European code on corporate governance. It is our considered opinion that corporate governance systems will develop and progress in a natural way under pressure from the financial markets. This is already

happening and national rules or guidelines are constantly adapting to a global regulatory environment.

Adding yet another layer of mandatory EU legislation as is foreseen by the Market Participants Consultative Panel has to be considered as over-regulation.

It has largely been left to the private initiative of companies to adopt guidelines or codes of good practice. Binding regulation does not allow for the flexibility required to deal with diverse and complex concrete situations, and it would therefore be ill-advised to adopt uniform rules in this area.

European Corporate Governance forum

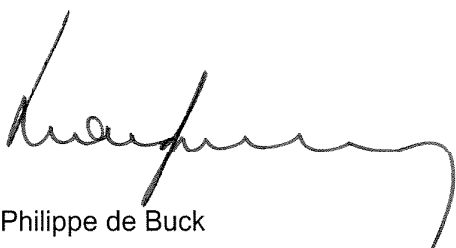
UNICE is of the opinion that, as highlighted by the Commission Action Plan, the existing EU codes on corporate governance show a remarkable degree of convergence. UNICE firmly believes that this is mainly due to pressure from markets and that national codes should be allowed to continue to develop.

In this context, we have strong reservations concerning the usefulness of a European Corporate Governance Forum. UNICE could in no way support a forum which is not strictly limited to an exchange of best practice in corporate governance.

We would be grateful if you would share this letter with the members of the Market Participants Consultative Panel. A copy of this letter has also been sent to the Secretary General of CESR, Mr Fabrice Demarigny and the European Commission representative, member of CESR, Mr Alexander Schaub.

We remain at your disposal should you require any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philippe de Buck', with a long, sweeping underline.

Philippe de Buck