

Issuers and Europe

Emisores Espanoles

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Agenda

- Basics about EuropeanIssuers
- National associations
- EuropeanIssuers works

Basics about European Issuers

- Purpose:
 - Common interests of companies, listed in Europe, across all sectors: automotive, energy, nutrition, luxury goods, fin services, etc
- Focus: legal and regulatory framework
- Goal:
 - Well functioning, integrated and liquid markets combined with sound corporate governance and responsible share-ownership
- Constituency:
 - Dual membership: 15 natl associations and 50 leading listed companies: coverage: +/- 9.000 companies with market value of +/- 6.000 bn €
 - Our strength: combine natl associations and individual companies
- Coverage: 14 countries: Austria, Belgium, Bulgaria, Cyprus, Finland, France, Germany, Greece, Italy, Netherlands, Poland, Spain, Switzerland, UK
- Legal form: International not for profit association
- Permanent secretariat: team of 3 in Brussels

Why issuers need to be represented

- Specific rules for issuing, listing and trading
- Listed companies are singled out in many areas
- Regulation is complex and spread out
- Impact on day-to-day business is enormous
- 80 % of regulation initiates in Brussels
- Numerous authorities, institutions and stakeholders
- Regulator looks at collective interests, not individual
- National associations may not weigh enough acting alone, EU regulators more receptive to views of supra-national groups

It's a complex business, together we are stronger

What we do

- We offer issuers a supra-national forum to debate issues of common concern
- We adopt workable positions based on consensus
- We make the issuers' voice heard in Brussels: companies can participate in fact finding and lobbying
- We engage in active and constructive dialogue with
 - the EU authorities: Commission, Parliament, Council, ...
 - international bodies: IOSCO, IASB, IAASB, ...
 - transatlantic authorities: US SEC, ...
 - other associations and stakeholders representing stock exchanges, investors, financial intermediaries, etc

We speak with one voice!

National issuers associations

- 15 natl associations present in EuropeanIssuers
- Not every MS has one, some have more
- Some associations are > 100 y, others are newcomers
- Some have a small bureau, others are very large
- Their scope varies in terms of both technical areas dealt with and type of services rendered
- Services: pure lobbying (explicit or discrete), interpretation of legal texts, assisting with draft legislation or regulation
- Members : some have only listed companies, others listed and unlisted; some also have other members like law firms, academics, students, etc
- Contact persons: depending on the scope, the level of the contact persons within the member company varies from CEO to technical experts
- Involvement in EuropeanIssuers also varies

No one size fits all !!

What we have been working on

- Since creation: 150 papers were issued
- Some successes: flexibility in set up of audit committees; shareholder rights directive on identification and the intermediaries duties; widening eligibility criteria for deregistration from US securities exchanges
- 30 position papers issued in 2010 on various issues: cross-border voting, clearing and settlement, credit rating agencies, market abuse regime, transparency regime, prospectus regime, corporate governance, hedge funds, short selling, accounting, audit and financial reporting, internal control and risk management, etc
- Standardisation work in the area of general meetings and corporate actions
- See selected issues hereinafter

Shareholder disclosure

- A never ending crusade
- Companies need a EU framework that establishes the right
 - to know their shareholders, and/or
 - to impose the enforcement of that right on intermediaries
- European Commission
 - Future Securities Law Directive (proposal expected mid 2010): nihil!
 - Review of Transparency regime: maybe?
- European Central Bank
 - Target2Securities: central platform for settlement of securities transactions
 - Proposal for routing holding data through T2S.
 - ECB consented to set up a taskforce, the mandate has been approved by the AG on 15/01

Cross-border voting

- **Market Standards on General Meetings (GMs)**
 - Quick and easy communication from issuer to end-investor and vice versa via chain of intermediaries
 - Key elements of notice to convene meeting
 - Entitlement: number of voting rights
 - Electronic casting of votes, value added service
 - Standards submitted to EU associations for endorsement by 15/12/09
 - Endorsement to be followed by local market gap analysis and implementation
 - All parties endorsed, retail banks not yet
 - If no endorsement, legislation might be only way out
- **Future Securities Law Directive**
 - Will lay down provisions on role of intermediaries
 - Comprehensive instrument to harmonise acquisition and disposal of securities, choice of issuer CSD, etc.

Contact

Dorien FRANSENS

Secretary General

EuropeanIssuers aisbl-ivzw

(Rue) Belliard(straat) 4-6

B-1040 Brussels

Tel. 00 32 2 289 25 70

Fax. 00 32 2 502 15 60

e-mail : dorien.fransens@europeanissuers.eu