

Issuers and Europe

GC100

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Agenda

- Basics about EuropeanIssuers
- Our works
- Our organisation
- How to join

Basics about EuropeanIssuers

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In a nutshell

- Purpose:
 - Promote common interests of companies, listed in Europe, across all sectors (automotive, energy, nutrition, luxury goods, fin services, etc)
- Focus: 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 €
 - Combination of natl associations and individual companies is our strength
- 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

How it started

- **December 2002:** French and Dutch national associations join forces and set up EALIC
- **Early 2003:** German and UK national assoc create UNIQUE
- Awareness that national associations may not weigh enough acting alone, EU regulators more receptive to views of supra-national groups
- **January 2005:** EALIC sets up permanent office in Brussels
- **March 2008:** merger of EALIC and UNIQUE into EuropeanIssuers

Why issuers need to be represented

- Specific rules for issuing, listing and trading
- Listed companies are singled out in areas of corporate governance, company law, financial reporting, etc.
- 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 are involved in the legislative process
- Problems are collective, not individual and the regulator looks at collective interests, not individual

It's a complex business

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!

How we spread the word

- Promoting specific positions
 - COM, EP, Council, Presidency, SEC, IASB, peer associations
- Participation to industry working groups
- Conferences and debates all over Europe: as speaker or participant
- Press releases & interviews
- Articles
- Frequent direct contacts with members (associations and companies)
- State of the art website www.europeanissuers.eu!

Our works

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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, market abuse regime, transparency regime, prospectus regime, corporate governance, hedge funds, short selling, accounting, audit and financial reporting, etc
- Standardisation work in the area of general meetings and corporate actions
- See selected issues hereinafter

Shareholder disclosure

- A never ending crusade
- Do companies need a EU framework that establishes the right
 - to know their shareholders, or
 - to impose the enforcement of that right on intermediaries?
- European Commission
 - Future Securities Law Directive (proposal expected mid 2010): NJET!
 - Review of Transparency regime: maybe?
- European Central Bank
 - Target2Securities: central platform for settlement of securities transactions
 - Proposal for routing holding data through T2S. EuropeanIssuers defended the need for identification at the T2S Advisory Group meeting in December. The ECB consented to set up a taskforce, the mandate will be decided on 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 followed by local market gap analysis and implementation
 - Retail banks are being difficult with endorsement
 - If no endorsement, legislation might be only way out
- **Future Securities Law Directive**
 - Will lay down provisions on role of intermediaries
 - ! COM proposes mandatory reimbursement by issuers of costs exposed by intermediaries for passing information on corporate actions and GMs!

Market Standards for Corporate Actions (CAs)

- What?
 - Harmonised standards for processing of CAs
 - Distributions and reorganisations and transaction management
 - Parties : issuers, market infrastructures, intermediaries and end investors
- Why?
 - To reduce risks and costs for all parties involved in CAs
- State of play:
 - Endorsed by all associations, EuropeanIssuers made reservations for the implementation
 - Implementation at national level: national market implementation groups
- Consequences for issuers
 - Important changes for issuers as they are at the start of the information chain
 - Issuers and investors should benefit: reduced banking fees?? (see hereafter)
 - See spotlight on our website: where and how should benefits materialize?

Revision of prospectus regime

- Commission proposal 23/09/09 to amend the Prospectus Directive
- We wrote amendments, i.a.:
 - Benefits of reduced disclosure should extend to companies whose shares are traded in alternative markets when these companies are already subject to disclosure requirements by other legislation
 - Limit of €2.500.000 (per capital raising) for exemption from drawing up a prospectus should be increased to €10.000.000
 - Threshold beyond which the obligation to publish a prospectus does not apply should remain at €50.000 per investor
- We will see the rapporteur of the European Parliament soon

EuropeanIssuers wishlist 2010

- Issuer – shareholder relation:
 - measures to promote long term share-ownership,
 - EU wide practical framework for cross-border voting
 - Shareholder disclosure
- Ease access to capital markets, in particular for “smaller” Issuers: new Prospectus regime, MiFID
- Meeting will be set up with the new Commissioner for Internal Market and Services, Michel BARNIER

How we are organised

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Corporate bodies and secretariat

- AGM
 - all members; approves annual accounts and budget, program of activities; 1 meeting a year; 1 vote per 500 E
- Board
 - +/- 15 members; strategic; +/- 3 meetings a year
- Executive Committee
 - 6 members; executive; +/- 3 meetings a year
- Permanent office
 - 1 Secretary General, 1 Policy Adviser, 1 Management Assistant

Member involvement: associations and companies

- Legal Committee
 - Appointed experts from national associations and companies
 - Monthly: conference calls and 3 to 4 face to face meetings per year
- Ad hoc working groups
 - Specific topics: for instance, ICRM, Smaller Issuers, Accounting & Financial reporting, general meetings, corporate actions
 - Participation open to members
- Cross sector working groups
 - General meetings and corporate actions
 - Participation open to members
- Mailings and surveys:
 - Addressed to our permanent contact persons
- Workshops: for instance “market standards on general meetings” on 4/12 in Brussels
- Website : www.europeanissuers.eu with many extra features for members only!
- Bi-monthly newsletter

Direct input from companies is most valuable!!

Plans for growth

- Goal: Strengthening our technical and economic base and our clout with the EU institutions
- By 2010: Representing issuers in 20 countries, with 100 major corporate members
- Relies on dual membership of national associations and companies
 - Both for countries already represented and for “new” countries
 - Direct involvement of companies in EuropeanIssuers’ activities
 - Increased funding
- Current corporate member base
 - 50 major listed companies from France, Italy, the Netherlands, Belgium and Spain
- Looking particularly at Spain, the UK, the Nordic countries and the Eastern EU countries

How to join us

- Are eligible for ordinary membership:
 - industrial, commercial and services companies of which the equity securities are admitted to be publicly traded in Europe
 - entities, including national associations or federations, that represent the said companies and are established in any state in Europe
- Member fees for individual company members :
 - € 6.750 for companies with capital = or > € 1.000.000.000
 - € 4.000 for companies with capital = or > € 500.000.000
 - € 2.850 for companies with capital = or > € 100.000.000
 - € 1.750 for companies with capital < € 100.000.000
- Association fees
 - Determined by Board
 - Based on market capitalisation of the market represented
 - Varies currently between 7.500 € and 32.000 €

Questions?

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