

Banco de Portugal
Vice-Governador

Nº 100/GAB/2003

Lisbon, August 12, 2003.

VIA E-MAIL: secretariat@europesefco.org

COMMITTEE OF EUROPEAN SECURITIES REGULATORS (CESR)

Att. Mr. Fabrice Demarigny

Subject: **CESR'S ADVICE ON LEVEL 2 IMPLEMENTING MEASURES FOR THE PROPOSED PROSPECTUS DIRECTIVE SET OUT IN THE CONSULTATION PAPER DATED JUNE 2003**

Dear Mr. Fabrice Demarigny,

Prior to commenting the specific questions raised in the Consultation Paper, we would like to put forward the following comment:

We believe that the concept adopted by the Committee to designate those institutions which are submitted to regulatory control and prudential supervision and that, for that reason, benefit from a lighter regime in terms of disclosure, needs clarification. We think that consistency between the concept adopted in the Directive and the Committee's proposals is desirable. Taking into account the ambiguity of the term "banks" as defined by CESR, we suggest that the specific regime for "banks" should be applied to credit institutions and investment firms as defined in the EC Directives.



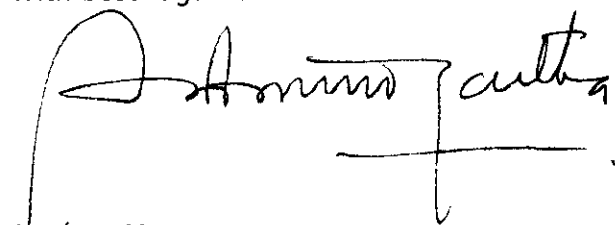
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As regards the specific questions raised, we would like to point out the following comments:

We share the opinion that the arrangement proposed by CESR requires simplification. Therefore, we agree with the revised approach to derivatives. Quite clearly, the absence of an unequivocal definition for derivative securities, that does not compromise market innovation, and the fact that these products are largely issued by credit institutions are strong arguments to back the uselessness of a specific regime for these products, supporting the inclusion of derivatives in a broader "building block" (retail or wholesale non-equity; or banks non-equity).

Similarly, we find it appropriate to eliminate the requirement related to the disclosure of information about investments in case of wholesale debt securities. The argument that these securities are mainly issued by credit institutions, for which it is agreed that no such requisite is needed, also applies. Once again, simplicity will be enhanced, without prejudice to the investor's interests, as this information would be provided when material.

With best regards



ANTÓNIO MARTA