INTERNATIONAL EQUITY OFFERS

CHANGES IN REGULATION SINCE APRIL, 1990

INTERNATIONAL ORGANISATION OF
SECURITIES COMMISSIONS

September, 1991

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ANNUAL SURVEY REPORT OF
IOSCO WORKING PARTY NO. 1

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I. INTRODUCTION

The first Report on International Equity Offers, published in September, 1989, included the recommendations of Working Party No. 1 that:

> "...an annual survey be undertaken of the changes which could affect multinational offers which have been made in participating jurisdictions.
>
> ...each year, each jurisdiction represented on the Technical Committee produces a summary of such changes so that the Working Party can prepare its annual report for distribution at the next annual conference of IOSCO."

The full text of the 1989 recommendations is reprinted in Appendix A to this Annual Survey Report.

Since the 1990 Annual Survey Report, several of the participating jurisdictions adopted enabling statutes or regulations implementing directives of the EC. Comprehensive new laws regulating offerings of securities came into effect in Australia and Belgium. Canada and the United States adopted a multijurisdictional disclosure system providing for mutual recognition of documents for offerings and continuous reporting prepared in accordance with the regulations of the issuer's home jurisdiction.

Regulatory changes that had become effective or that were proposed as of April 30, 1991, are described in this Report. The questionnaire for the survey asked participants to consider particularly changes within the following areas:

Regulatory requirements for public offers

Registration procedures
- -clearance period
- -shelf registration

Listing procedures
- -review period

Prospectus requirements
- -number of years audited financial statements
- -maximum period since last balance sheet
- -reconciliation to local auditing standards
- -reconciliation to local accounting standards

In particular, details of any new concessions given to foreign issuers and any new reciprocal agreements entered into with other jurisdictions.

Continuing reporting obligations

Deadline for filing financial statements
Frequency of interim statements
Deadline for filing interim statements
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In particular, descriptions of any new concessions granted to foreign issuers.

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Stabilization and other controls on dealings

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Survey participants

Australia	Hong Kong	Spain
Belgium	Italy	Sweden
Canada	Japan	Switzerland
France	Luxembourg	United Kingdom
Germany	The Netherlands	United States

II. DETAILED CHANGES SINCE APRIL, 1990 (INCLUDING PROPOSED CHANGES)

AUSTRALIA

Changes in regulatory requirements for public offers

In January, 1991, the Corporations Act 1989 came into force. The new law significantly changes Australia's system of regulation for public offerings.

Registration Procedures

Clearance period

Subsection 1020A(1) of the Corporations Law provides that the Australian Securities Commission (the "Commission" or "ASC") must register a prospectus as soon as possible and in any event, within the prescribed period, which is 14 days. However, under subsection 1020A(2) the Commission is empowered to refuse to register a prospectus if:

(a) It appears that the prospectus does not comply with the requirements of the Corporations Law (specifically Division 2 of part 7.12); or

(b) the Commission is of the opinion that the prospectus contains a false or misleading statement or that there is an omission from the prospectus.

Under subsection 1017A(2) of the Corporations Law, although all prospectuses must be lodged with the Commission, not all prospectuses need to be registered. Subsection 1017A(3) states that a prospectus in relation to shares in, or debentures of, a corporation is exempt from registration under section 1020A if:

(a) the shares or debentures, as the case may be, are in a class of shares in, or debentures of, the corporation that are listed for quotation on a stock market of a stock exchange; or

(b) the relevant allotment, issue, offer or invitation is proposed to be made or issued:

(i) in the case of shares - to existing members of the corporation;

(ii) in any case - to an exempt recipient; or

(iii) if the corporation is a listed corporation, or is an approved unlisted corporation in relation to shares in the corporation, or debentures of the corporation, as the case may be, to employees of the corporation.

Shelf registration

Section 1040 provides that a corporation may not issue securities on the basis of a prospectus after the end of 6 months after the issue of the prospectus.

Prospectus Requirements

- number of years annual audited financial statements
- maximum period since last balance sheet
- reconciliation to local auditing standards
- reconciliation to local accounting standards

These requirements are no longer prescribed by the Corporations Law. However, subsection 1022(1) provides that a prospectus shall contain all such information as investors and their professional advisers would reasonably require, and reasonably expect to find in the prospectus, for the purpose of making an informed assessment of:

(a) the assets and liabilities, financial position, profits and losses, and the prospects of the corporation; and

(b) the rights attaching to the securities.

Subsection 1022(3) states that, in determining what information is required to be included in a prospectus, regard shall be had to:

(a) the nature of the securities and of the corporation;

(b) the kinds of persons likely to consider subscribing for or buying the shares;

(c) the fact that certain matters may be reasonably be expected to be known to professional advisers of any kind whom those persons may reasonably be expected to consult;

(d) whether the persons to whom the offers or invitations are to be made or issued are the holders of shares in the corporation and, if they are, to what extent (if any) relevant information has previously been given to them by the corporation under any law, any requirement of the business rules or listing rules of a securities exchange, or otherwise; and

(e) any information known to investors or their professional advisers by virtue of any Act, State Act or law of a Territory.

Reciprocal agreements entered into with other jurisdictions

The Australian Securities Commission has resolved to continue the arrangement entered into on 27 May 1987, between the erstwhile Australian national corporate regulator, the National Companies and Securities Commission and the New Zealand Securities Commission under which the two Commissions announced a system of reciprocal recognition of prospectuses for equity issues.

Pursuant to that resolution, the ASC has executed a Class Order exempting persons who offer shares for subscription or invitations to subscribe for shares by way of a current prospectus registered under the Securities Act, 1978 of New Zealand from compliance with the prospectus registration requirements of the Corporations Law.

Continuing Reporting Obligations

Requirement for insider/material change reports

Subsection 1024(1) states that where:

(a) a prospectus has been lodged in relation to securities of a corporation; and

(b) at any time while securities can be allotted or issued on the basis of the prospectus:

(i) there is a significant change affecting any matter contained in the prospectus the inclusion of which was required by the Corporations Law (specifically Division 2 of part 7.12); or

(ii) a significant new matter arises the inclusion of information in respect of which would have been required by the Corporations

Law (specifically Division 2 of part 7.12) if the matter had arisen when the prospectus was prepared;

the person who lodged the prospectus shall lodge a supplementary prospectus containing particulars of the change or new matter.

No new concessions have been granted to foreign issuers.

Changes in restrictions applying to private placements

Factors precipitating a public offer

The question of whether there has been an "offer to the public" no longer determines whether a prospectus is required. Under subsection 1018(1), a person shall not offer for subscription or purchase, or issue invitations to subscribe for or buy, securities of a corporation unless a prospectus has been prepared, lodged and in certain cases, registered by the Commission. Subsection 1018(1) does not apply to an excluded offer or invitation in relation to securities. An excluded offer is defined in subsection 66(3) and includes, *inter alia*,

(a) an offer for subscription of, or an invitation to subscribe, at least $500,000 by each person to whom the offer is made or the invitation is issued;

(b) it is made or issued personally to a person and:

(i) no offer or invitation in relation to securities of the same class is made or issued at the same time, or has been made or issued in the preceding 12 months to any other person;

(ii) or that person and any other person or persons to whom offers or invitations in relation to securities of the same class are issued or made at the same time or have been issued or made in the preceding 12 months, do not together exceed 20 in number; and

(c) an offer or invitation that is, or is of a kind that is, declared by the regulations to be an excluded offer or excluded invitation, as the case may be.

Documentation for private placement

A private placement may be captured by the excluded offer provisions (subsection 66(3)) but, if it is not, a prospectus is required.

Restrictions on resale

Subsection 1030(1) provides, *inter alia*, that where a corporation allots or issues or agrees to allot or issuer to a person any securities of the corporation for the purpose of all or any of them being offered for sale, any document by which the offer for sale is made shall, for all purposes, be deemed to be a prospectus issued by the corporation.

Under subsection 1030(3), it is evidence that an allotment or issue of, or an agreement to allot or issue, securities was made for the purpose of the securities being offered for sale if it is shown that an offer of the securities or of any of them for sale was made within 6 months after the allotment or issue.

BELGIUM

Royal Decrees Implementing the Law of March 9, 1989

The Law of March 9, 1989, aimed at adopting the Belgian legislation to EC directives which primarily harmonize requirements for access to official stock exchanges (Dir. 79/279/EEC of March 5, 1979, modified by Dir. 82/148/EEC of March 3, 1982, and by Dir. 88/627/EEC of December 12, 1988; Dir. 82/121/EEC of February 15, 1982; Dir. 80/390/EEC of March 17, 1980, modified by Dir. 82/148/EEC of March 3, 1982, and by Dir. 87/345/EEC of June 22, 1987).

Royal Decree of September 18, 1990, on the obligations incumbent on issuers in case of official listing

1. The Decree confirms the principle of equal treatment of all holders of securities and imposes on issuers of listed securities to provide facilities and information allowing the holders of securities to exercise their rights.

2. After admission to official listing is obtained, issuers of listed securities must provide sufficient information so as to enable the public to make an informed assessment of their financial position, their activities and results. If their securities are listed in different countries, the information in Belgium must be equivalent to the information published in those other countries as far as this latter information relating to non-EC-issuers may be important for the assessment of the securities' value.

The Royal Decree essentially imposes requirements for the provisions of the following information.

Occasional information must be disclosed immediately. This information concerns, among other things, any fact or decision, which if they were disclosed, would significantly influence the market price, as well as any modification of the rights attached to a category of securities. EC companies also have to disclose immediately in Belgium the modifications in the structure of important participations in their capital. Non-EC foreign companies have to disclose these modifications when participations of 10, 20, 33, 50 or 66% of the capital were acquired or disposed of.

A half-yearly report must be published by companies whose shares are listed.

The annual information contains the annual accounts on a non-consolidated and/or a consolidated basis, together with the relative annual or auditors' reports.

3. The Banking and Finance Commission (the "Commission," or "BFC") is responsible by law for the implementation of this decree.

This means that, among other things, all half-yearly and annual information to be published by the issuers under the Decree, any proposed amendment to the articles of association or any modification of the rights of bondholders must be communicated to the BFC prior to being provided to the shareholders or the public. Prior delivery to the BFC is also required if, in the issuer's opinion, such information could very significantly influence the market price of the securities.

In order to carry out its task, the BFC is entitled to require that the issuers and persons responsible for the auditing of their accounts supply it with the appropriate information. It may publish any failure of an issuer to comply with its obligations or with the notices which the BFC has sent it. The Commission can require the disclosure of information, whenever appropriate, to ensure the protection of investors or to ensure the proper functioning of the market, and, should the company concerned fail to comply, it is entitled to disclose such information itself. Finally, the Commission can grant exemptions in special cases.

Royal Decree of September 18, 1990, on listing particulars to be established for admission of securities to official stock exchange

This Decree basically adopts the schemes provided for by Directive 80/390/EEC of March 17, 1980.

Royal Decree of September 18, 1990, on the *Comité de la Cote* and the admission of securities to official stock exchange listing

Before the Law of December 4, 1990, on financial transactions and financial markets entered into force, the *Comité de la Cote* was the authority, representing stockholders and banks, which decided whether or not to list a security. The Law of December 4, 1990, has charged the newly-created Exchange Commission ("*Commission de la Bourse*") (*cf. infra*) with this task. Until December 31, 1992, the authority of the *Commission de la Bourse* regarding the admission of securities to the listing will however further be exercised by the *Comité de la coté.*

The Decree contains the conditions for admission to official listing.

The Law of December 4, 1990, on Financial Transactions and Financial Markets

This law involved some substantial changes to the Belgian financial regulation. With regard to equity offers, the following major changes are pointed out.

1. Henceforth, only duly authorized professionals will be entitled to intervene as intermediary on a professional basis in the public issue of securities, public transactions on securities or public takeover bids. Such authorized persons are securities houses, financial institutions, as well as securities houses and financial institutions incorporated under foreign law.

2. In accordance with the requirements of community legislation the requirement that public offerings of foreign securities in Belgium must be authorized by the Minister of Finance is abolished in respect to persons, companies or institutions of one of the EC member states. This requirement is only maintained in respect of non-EC issuers or bidders.

3. The Law of December 4, 1990, substantially reorganizes the secondary markets of securities and other financial instruments.

a. institutional aspects

The law provides the creation of exchanges where the majority of securities transactions effected through professional intermediaries are centralized.

Responsibility for the administration and supervision of stock exchanges is shared between five authorities.

(1) Stock exchanges take the form of a legally organized *Bourse de valeurs mobilières* managed by a public cooperative corporation, the *Société de la Bourse de valeurs mobilières*. Only securities houses (*sociétés de bourse*) can be shareholders of this cooperative corporation. The Stock Exchange Commission (*Commission de la Bourse*) is the governing body of the stock exchange and acts as the board of directors of the *Société de la Bourse de valeurs mobilières*. It is composed of six to fifteen members, of which at least three must be stockbrokers, elected for four years. As market authority, the Stock Exchange Commission is responsible for organizing the securities markets, and in particular, for monitoring transactions and disseminating information on transactions. It decides, among other things, on the admission to the listing or the cancellation thereof and on the suspension of transactions on specific or all listed securities.

(2) Each stock exchange has a board (*Conseil d'Agrément et de Discipline des Agents de Change*) responsible for authorizing and disciplining individual brokers and for granting the status of honorary stockbroker.

(3) Appeals against the decisions of these boards may be lodged with an Appeals Board set up for all the stock exchanges.

(4) The *Caisse d'Intervention des Sociétés de Bourse* supersedes the existing *Caisse de Garantie des Agents de Change*. It has the dual task of, firstly, guaranteeing, in whole or in part, performance in respect of stock exchange professionals' commitments toward their customers and, secondly, of exercising prudential control on stockbrokers on the basis of general rules laid down by the BFC. In the future this latter responsibility may, on certain conditions, be transferred to the Commission itself.

(5) The BFC, which is the regulatory institution in charge of the supervision of compliance with the provisions regulating the public issuance and offer of securities and public takeover bids, is made responsible for authorizing securities houses (*cf. infra*) and adopting general rules laying down a number of ratios designed to regulate the solvency of these houses and limit the risks incurred in their activity. It will also take any corrective action required, including the revocation of authorization, should this prove necessary. The Commission retains its supervisory powers with regard to the requirements to be met by issuers of listed securities (*cf. infra* - Royal Decree of September 18, 1990).

In addition to the stock exchanges, the Law provides for the creation or recognition of the markets for specific securities or financial instruments. The aim of these limited provisions, which delegate wide-ranging powers to the King in this regard, is to permit the authorities to react speedily to developments in the financial markets and the emergence of new financial instruments.

Until now, these powers have been used twice in order to create or organize new financial markets.

By Royal Decree of February 27, 1991, the rules were laid down for the organization of markets for the new financial instruments issued by the Belgian State: the over-the-counter market of lineary debentures ("*obligations linéaires*" or "OLOS") and the secondary market of treasury certificates ("*certificats de trésorerie*").

The private initiative of some Belgian financial intermediaries in creating a market for transactions on options and futures has also been officially recognized by Royal Decree of April 10, 1991.

b. rules concerning transactions on securities

The law expressly provides that professional intermediaries should act in the most advantageous way for their clients. They can only act as opposing party as far as the transaction takes place in the stock exchange, or after having disclosed their position to the client if the transaction takes place outside the stock market.

Professional intermediaries must carry out transactions on listed securities at the stock exchange. Exceptions to this rule exist, *e.g.* in the case of a transaction on bonds exceeding the amount of BF 25 million. A Royal Decree fixes the margin that may exist between the price for transactions on listed securities outside the stock exchange and the stock exchange price, and imposes on the intermediary a disclosure declaration regarding the transactions that took place outside the stock exchange.

c. regulation on stockbrokers

Stockbrokers are henceforward required to carry on their activities in the form of securities houses ("*sociétés de bourse*"), although the individual broker still keeps his

status. In addition to stockbrokers, the acquisition of shares in these securities houses has been fully opened to credit institutions, insurance companies and any other private individual or legal entity to which the BFC has no objection.

The *sociétés de bourse* have to obtain recognition by the BFC and are submitted to the prudential control of the *Caisse d'Intervention des sociétés de bourse*, which guarantees the performance by the stockbrokers of their professional commitments.

4. Book III of the Law of December 4, 1990, regulates the collective investment undertakings.

Book III of the Law of December 4, 1990, completely recasts the regulations regarding collective investment, which were partly contained in the Law of March 27, 1957, on unit trusts.

Designed chiefly to implement in Belgian Law the Council Directive of December 20, 1985, on the coordination of national provisions concerning certain undertakings for collective investment in transferable securities ("UCITS"), it also opens the way to the establishment of collective investment undertakings incorporated under Belgian law in the form of open-ended investment companies ("SICAVs) and provides, in addition, for fixed-capital collective investment undertakings (closed funds or closed-ended investment companies ("SICAFs")). It thereby makes a wide range of collective investment instruments available to Belgian institutions and investors.

The SICAVs and SICAFs provided by the Law are commercial companies with legal personality ("*sociétés commerciales*") and are subject, with some exceptions, to the coordinated laws on commercial companies.

Their minimum capital is BF 5 million. Units subscribed for then must be fully paid up. In the case of SICAVs, the capital may vary without formalities according to subscribers' investing and withdrawing funds. Investors may cash in their units at any time at their net asset value.

Subject to certain conditions, SICAVs may also comprise various compartments, placing funds in different types of instruments within one investment category (for example, a securities SICAV may set up different compartments each investing in a given type of security). The law lays down certain rules to provide a legal safeguard for investors, particularly in the case of compartmentalized SICAVs, in which the assets of a given compartment are only liable in respect of the debts, commitments and obligations relating to that compartment.

The new administrative rules put in place are modeled on the current regulatory regime. Collective investment undertakings must be registered in advance with the Commission.

This registration is dependent on the recognition by the BFC of the management company of the common fund or of the investment company, on the acceptance of the management regulations or the by-laws of the collective investment undertaking and finally on the acceptance of the depositary agent.

The collective investment undertaking must comply with rules regarding the publication of certain information. They must publish a prospectus as well as an annual and semestrial report containing an inventory of their assets and the results. The prospectus must be approved by the BFC.

Collective investment undertakings are subject to the regular supervision of the BFC. Each collective investment undertaking must, at the time of its establishment, select a specified category of investment from among those specified by the Law or provided by the King. This rule is designed to avoid any confusion in the mind of the public as regards the type of the actual investment and the associated risk

Collective investment undertakings will henceforth be able to exercise the voting rights attached to the instruments they hold; in doing so, however, they may not exert any influence over the management of the companies concerned or over the appointment of their managers.

A number of specific provisions relate to collective investment undertakings incorporated under foreign law. If they hold the Community "passport" provided by the Directive of December 20, 1985, they will be authorized to market their units in Belgium, subject to certain formalities and compliance with the marketing and advertising rules to be drawn up. The rules applying to the marketing in Belgium of units of other foreign collective investment undertakings will be laid down by the King.

The first implementing Royal Decree was issued on March 4, 1991, providing regulations in respect of Belgian open investment institutions that have chosen either the category of investment authorized by the UCITS Directive or a category of investment containing securities and liquid funds.

5. In application of article 2 of the Law of December 4, 1990, a Royal Decree has been issued on January 9, 1991, on the definition of the public character of transactions by which a call on savings is made.

This new definition, replacing the one provided for in the Royal Decree of November 12, 1969, determines the field of application of the legal monopoly for financial intermediaries (*cf. supra*, sub 1), of the Minister of Finance's approval for public offerings in Belgium of foreign securities (*cf. supra*, sub. 2) and of the legal dispositions on the undertakings for collective investment (*cf. supra*, sub 4). It also regards the scope of application of Title II of the Royal Decree No. 185 on the supervision of banks and the rules governing the issue of securities and of the Law of June 10, 1964, on public calls on savings.

According to the Decree of January 9, 1991, a transaction on securities is considered to be public, and as such to be subjected to the relevant supervisory regulation, in one of the three following cases:

(1) the use by a person, carrying out a transaction for his own account or for accounts of a third party, of one or more means of advertising, in any form, aiming at the Belgian public, to announce or to recommend these transactions;

(2) the appeal to or the intervention of intermediaries, unless where securities houses or credit institutions are concerned or unless these intermediaries exclusively appeal to securities houses or credit institutions to carry out the transaction in Belgium;

(3) the solicitation, for one's own account or for account of a third party, of more than 50 persons.

The Royal Decree defines a number of exceptions to the above-mentioned rules. As such, a transaction, even though meeting the above mentioned criteria, will not be considered to have a public character, when it is exclusively intended to securities houses, credit institutions, collective investment undertakings, insurance companies or pension funds, provided that these persons or institutions act for their own account. Furthermore, a transaction will not be considered to be public when the investment requires amounts to at least BF 10 million per investor. Finally, when acquiring the securities, which are the object of the transaction, is a requirement to get access to a professional activity or necessary to practice this activity, the transaction will not be considered to be public.

Up to this point, the new regulation corresponds - in broad outlines and apart from a few exceptions - to the previous regulation, as laid down by Royal Decree of November 12, 1969.

However, the Law of December 4, 1990, with the implementing Decree of January 9, 1991, introduced a substantial change concerning the exposure, offering or

sale of non-convertible or non-exchangeable euro-bonds and euro-bonds to which no rights to subscribe or to acquire other securities are attached. Such transactions are no longer subject to the supervision of the BFC, provided, however, that they are not promoted through an advertising campaign in Belgium.

The law defines euro-bonds as bonds, deposit certificates and other loan certificates which a syndicate, of which at least two members have a registered office in different Member States of the European Economic Community, has committed itself to acquire and place and which are offered to a considerable extent in one or more other States than the one where the registered office of the issuer is situated and which can only be subscribed or primarily be acquired directly by or through the intermediary of a credit institution or a securities house.

For the application of this departing regulation, an advertising campaign is to be understood as the use of one or more means of advertising. Nevertheless, by way of a departure from this description, will not be considered to be an advertising campaign the sending of circular letters or other standardized documents or disclosing information through a telephone campaign or electronic information distribution by the person who, for his own account or for the account of a third party, carries out a transaction concerning non-convertible or non-exchangeable euro-bonds, when he advertises in his capacity of portfolio manager or investment adviser and when his campaign is exclusively intended to clients with whom he concluded a written agreement of portfolio management or investment advice.

By the introduction of this new regulation on euro-bonds, the previous so-called "protocol arrangement" based on article 1, paragraph 2 of the previous Decree of November 12, 1969, was considered superfluous and was consequently repealed. This protocol allowed credit institutions and stock brokers to render inoperative certain criteria giving a transaction a public character and consequently keep the transaction private, under the condition that they would provide the Banking Commission (the present Banking and Finance Commission) with non-nominative information and statistical surveys established according to specific rules, which would provide that the transaction they carried out in Belgium or their participation in its carrying out in Belgium did not exceed a limited group of people.

6. The Law amends Royal Decree No. 185 on the supervision of banks and rules governing the issue of securities, in so far as it gives recognition in Belgium to public offers on stock exchange listing prospectuses drawn up and published in conformity with the national regulations of another EC Member State enacted to implement the European Directives No. 80/390/EEC or 89/298/EEC. This recognition is however subject in certain cases to translation and the inclusion of information specific to the Belgium market.

CANADA

1. Multijurisdictional Disclosure System (the "MJDS")

The MJDS was implemented by the Canadian Securities Administrators (the "CSA") on July 1, 1991. The MJDS is intended to remove unnecessary obstacles to certain offerings of securities of U.S. issuers in Canada and to facilitate take-over and issuer bids for securities of U.S. issuers having less than a certain percentage of Canadian security holders, while ensuring that Canadian investors remain adequately protected. A substantially similar system was adopted in the United States effective on July 1, 1991, which relates to Canadian issuers in the United States.

The system permits public offerings of securities of U.S. issuers that meet specified eligibility requirements to be made in Canada on the basis of disclosure documents prepared in accordance with the laws of the United States (with certain

additional Canadian disclosure). A public offering may be made under the system both in Canada and the United States or in Canada only.

The system also reduces disincentives to the extension to Canadian security holders of rights offerings by U.S. issuers by permitting such offerings to be made in Canada on the basis of U.S. disclosure documents. Similarly, it facilitates the extension to Canadian security holders of U.S. issuers of certain take-over bids, issuer bids and business combinations. The system permits these transactions to be made in Canada in the same manner as in the United States and on the basis of U.S. disclosure documents.

Regulatory review of disclosure documents used under the system for offerings of securities of a U.S. issuer made both in Canada and the United States will be that customary in the United States, with the Securities and Exchange Commission of the United States being responsible for carrying out the review.

The system is unavailable for offerings of issuers registered or required to be registered as an investment company under the U.S. Investment Company Act of 1940 or where the issuer is a commodity pool issuer.

Prospectus Offerings -- General

The MJDS is available to U.S. issuers for the following types of securities where the issuer has a 36-month reporting history in the United States: non-convertible approved-rating debt and preferred shares; approved-rating debt and preferred securities that may not be converted for at least one year after issuance, if the issuer's equity shares have a market value of U.S. $150 million and a public float of U.S. $75 million; other securities, if the issuer's equity shares have a market value of U.S. $300 million and a public float of U.S. $75 million.

Derivative Securities

The CSA have determined that the system may not be used for offerings of derivative securities, except warrants, options, rights or convertible securities where the issuer of the underlying securities to which the warrants, options, rights or convertible securities relate is eligible under the MJDS to distribute the underlying securities.

Rights Offerings

The MJDS is also intended to reduce disincentives to the extension to Canadian security holders of rights offerings by U.S. issuers by permitting such offerings to be made in Canada on the basis of U.S. disclosure documents. Under the MJDS, U.S. issuers may extend rights offerings to existing security holders in Canada where such issuers have complied with U.S. securities laws.

U.S. issuers may use the MJDS for offerings of rights to existing security holders in Canada where the issuer has a 36-month reporting history in the United States and a 12-month listing history with a recognized exchange. Beneficial ownership of rights issued to residents of Canada generally are non-transferable to other Canadian residents.

Successor Issuer Rules

The CSA have determined that any eligibility criteria requiring satisfaction for a period of 12 or 36 months will not be imposed with respect to a predecessor entity where such requirements are satisfied by other predecessor entities whose assets and gross revenues in aggregate contribute at least 80 percent of the successor issuer's total assets and gross revenues from continuing operations (as measured based on pro forma combination of the predecessor entities' most recently completed fiscal years).

Guaranteed Issues

For U.S. issuers that do not have a 36-month reporting history with the SEC and are majority-owned subsidiaries of a U.S. parent, the following offerings would be able to be made under the MJDS, if the securities are fully guaranteed by the parent 1/ and the parent satisfies the general eligibility requirements described above (under Prospectus Offerings -- General): (i)offerings of non-convertible investment grade debt and non-convertible investment grade preferred shares; (ii) where the parent has equity securities with a market value and public float of at least U.S. $150 million and U.S. $75 million, respectively, offerings of convertible investment grade debt and convertible investment grade preferred shares, provided the conversion privilege may not be exercisable for at least one year from issuance of the securities and the securities are convertible only into securities of the parent; and (iii) where the parent has equity securities with a market value and public float of at least U.S. $300 million and U.S. $75 million, respectively, offerings of non-convertible debt and non-convertible preferred shares.

Offerings under Rule 415 or 430A made in Canada

The system allows offerings to be made in Canada under both Rule 415 or Rule 430A of the Securities Act of 1933 of the United States, and in the United States under National Policy Statement No. 44. Thus, under the system, the "shelf" procedures of the "home" country will be used. This will enable issuers to file a shelf prospectus in both jurisdictions under the MJDS and take down separate tranches, as desired, for Canada and the United States.

Bids

The initial proposal limited the use of the MJDS to bids where less than 20% of each class of securities subject to the bid is held by Canadian residents other than affiliates of the issuer. Comment was solicited directly on this issue and, in light of the comments received and further analysis by the CSA, the CSA determined to modify the eligibility requirements such that the MJDS is available for eligible bids made to Canadian holders of securities of U.S. issuers where less than 40% of each class of securities subject to the bid is held by Canadian residents. This reflects a shift in the underlying policy for inclusion of take-over and issuer bids within the MJDS from the inclusion of bids that are effected primarily in the United States and therefore have a relatively insignificant effect upon the Canadian capital markets, to an acceptance of the general comparability of U.S. substantive protections and disclosure obligations in respect of bids.

The CSA have adopted provisions such that a conclusive presumption applies in respect of determining share ownership, such that where either (i) a bid is made without the prior knowledge of the directors of the offeree issuer who are not insiders of the offeror or acting jointly or in concert with the offeror, or (ii) those directors are informed of the proposed bid and the offeror has a reasonable basis for concluding that the bid is being regarded as a hostile bid by a majority of those directors and the offeror lacks access to the relevant list of security holders of the offeree issuer. Under these circumstances the 40% eligibility requirement will be conclusively presumed to have been met unless the aggregate published trading volume of the relevant class of securities on the Alberta, Montreal, Toronto and Vancouver exchanges and the Canadian Dealing Network Inc. exceeded the aggregate published trading volume on national securities exchanges in the United States and NASDAQ over the 12-month period prior to the bid, disclosure to the contrary has been made in the most recent annual report filed with the SEC prior to the bid, or the offeror has actual knowledge to the contrary. The CSA have also extended the presumption to the part of the "foreign issuer" definition that limits to 50% the holdings of voting securities of the offeree issuer by Canadian residents.

1/ The parent must fully and unconditionally guarantee the securities being offered as to principal and interest, if the securities are debt, and as to liquidation preference, redemption price and dividends, if the securities are preferred shares.

Valuations

As a result of raising the 20 percent eligibility ceiling to 40 percent, the CSA clarified that although bids made under the MJDS are exempt from the specific requirements of the applicable securities authorities relating to related party transactions that are issuer bids or insider bids, Canadian requirements relating to going private transactions must still be complied with. Thus, the CSA determined that issuer bids or insider bids made under the MJDS must comply with Canadian valuation requirements where at least 20 percent of any class of securities that is the subject of the bid is held by persons or companies whose last address is in Canada.

Pre-bid Integration

In conjunction with raising the 20% eligibility ceiling to 40%, the CSA have decided that Canadian pre-bid integration provisions must be complied with in the case of bids made under the MJDS where at least 20% of any class of securities subject to the bid is held by Canadian residents.

Advertising and Solicitation Rules

Canadian securities provisions concerning advertising, distributions to prospective purchasers and press releases made during the pre-receipt period continue to apply to offerings of U.S. issuers made under the MJDS. The CSA have further clarified that Canadian prohibitions on representations that any person or company will resell, repurchase or refund any of the purchase price of the security or which give an undertaking relating to the future value or price of a security continue to apply to transactions effected under the MJDS. In addition, each of the securities regulatory authorities have implemented blanket rulings which will enable, in certain circumstances, solicitations of expressions of interest to be made prior to the filing of a preliminary prospectus under the MJDS. Thus, U.S. issuers making offerings in Canada under the MJDS may benefit from special Canadian provisions which permit offerings to be made on a "bought deal" basis.

Business Combinations

The CSA initially limited the use of the MJDS for business combination transactions to situations in which less than 20 percent of the class of securities to be distributed by the successor issuer would be held by Canadian residents. The CSA revised this requirement such that the MJDS is available for use in connection with business combinations where less than 40 percent of the class of securities to be distributed by the successor issuer would be held by Canadian residents.

In circumstances where securities are to be distributed to security holders in Canada by a successor issuer subsisting after a business combination, any eligibility criteria requiring satisfaction for a period of 12 or 36 months, the threshold public float requirements and the 40 percent limitation on the amount of voting securities held by Canadian residents, will not be imposed on an entity where such requirements are satisfied by predecessor entities whose assets and gross revenues in aggregate contribute at least 80 percent of the successor issuer's total assets and gross revenues from continuing operations (as measured based on pro forma combination of the predecessor entities' most recently completed fiscal years).

In addition, a business combination effected pursuant to the MJDS must comply with Canadian going private transaction requirements. Further, a business combination which would be considered to be a significant asset transaction under Canadian requirements must comply with Canadian provisions for minority approval and valuations.

Continuous Disclosure, Proxies and Proxy Solicitation, Shareholder Communication and Insider Reporting

An issuer that files a prospectus or a bid circular in certain provinces in Canada becomes a reporting issuer in those provinces and becomes subject to Canadian continuous disclosure, proxy and proxy solicitation and shareholder communication requirements. In addition, insiders of such issuers become subject to certain Canadian insider reporting requirements. The MJDS provides that U.S. issuers who comply with U.S. requirements relating to current reports, quarterly reports, annual reports, proxy statements, proxies and proxy solicitation are in compliance with Canadian filing requirements for such information, where copies of such material filed with the SEC are filed with Canadian authorities which require such information to be filed. The CSA have further clarified that U.S. issuers who satisfy the foreign issuer definition and are listed on the New York Stock Exchange, the American Stock Exchange or quoted on NASDAQ/NMS may satisfy any Canadian requirement to issue and file a press release by complying with the requirements of either exchange relating to disclosure of material information and by issuing and filing, where filing is required, any press release that discloses a material change.

Reconciliation of Financial Statements

In response to a number of comments received concerning the issue of reconciliation of financial statements, the CSA have revised the requirements originally established. Reconciliation is required only in the case of offerings of securities which are not approved rating debt or preferred shares convertible within one year after issuance. Under the initial proposal, financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") were required to be reconciled to Canadian generally accepted accounting principles ("Canadian GAAP"). In view of the underlying goals of the MJDS in facilitating global capital formation and in view of the CSA's support for greater harmonization of accounting standards and the establishment of international accounting standards, the CSA have determined to accept, for this purpose under the MJDS, a reconciliation of financial statements prepared in accordance with U.S. GAAP to either Canadian GAAP or to International Accounting Standards as established by the International Accounting Standards Committee (the "IASC").

Ongoing Review of the MJDS

The CSA have considered the potential impact which the MJDS may have on the Canadian capital markets. The CSA believe the MJDS will benefit the Canadian capital markets.

However, there is a concern that the U.S. Glass-Steagall Act puts bank-owned dealers at a disadvantage in competing for underwriting assignments when Canadian issuers use the MJDS to finance in the United States. As a result of the Glass-Steagall Act, bank-owned dealers are currently subject to various restrictions on their U.S. underwriting activities, including, most importantly, a limit on the dollar volume of U.S. underwritings. The bank-owned dealers are particularly concerned about the effect the MJDS may have on their equity underwriting business.

Given the importance of having a strong dealer community knowledgeable of and committed to the Canadian capital markets, the CSA believe the MJDS should include a "safety valve" that is available if the MJDS does prove to substantially harm the Canadian dealer community. The CSA will obtain input from Canadian dealers and otherwise monitor the effects of the MJDS on the Canadian dealer community. In addition, if appropriate, securities regulators in Canada will hold hearings after an initial period of not more than two years following the implementation of the MJDS to review the MJDS, including its impact on bank-owned dealers. If the hearings demonstrate that the MJDS has had and will continue to have a material adverse effect on the Canadian dealer community, the CSA and the SEC would commence rulemaking proceedings to seek comment on those changes to the MJDS as are needed to alleviate such adverse effect on the dealers and to ensure that the MJDS achieves its policy goals.

2. Disclosure, Valuation and Minority Security Holder Approval Requirements for Certain Related Party Transactions

On July 5, 1991, the OSC published revisions to its Policy No. 9.1 in respect of insider bids, issuer bids, going private transactions and related party transactions. The policy consideration underscoring Policy 9.1 relate to the OSC's concerns about the disclosure, valuation, review and approval process followed for such transactions.

The revisions are intended to ensure that security holders affected by these types of transactions are treated in a manner that is fair. The amendments, among other things, mandate that a valuation be prepared and disclosed and that approval of a majority of the minority security holders be obtained for certain related party transactions, recommend procedures for establishment of a special committee of the board of directors comprised of the independent directors to negotiate the terms of the transaction with the related party and recommend guidelines for establishing the independence of a valuer or a director. It is hoped that the policy will lead to the development of parallel policies in other provinces and, eventually, a national initiative.

3. Shelf Prospectus/Post-Receipt Pricing

As part of the international effort to minimize delays that issuers face in selling securities and globally coordinating listing, review, and clearance procedures, the CSA have adopted a shelf prospectus system. The shelf system was implemented on May 10, 1991 as National Policy Statement No.44 ("NP 44"). Under the shelf system, eligible substantial issuers are able to file a single short form prospectus relating to securities to be offered continuously or on a delayed basis in one or more tranches. Thus, issuers are able to price and offer specific tranches without any additional advance filing with, or clearance by, the Canadian securities authorities. Certain variable information in respect of each tranche will be filed as a supplement to the final prospectus.

In addition, as part of NP 44, the CSA have adopted post-receipt pricing ("PREP") procedures in order to reduce the time pressures associated with filing and obtaining clearance of a final prospectus. Under the PREP procedures, eligible issuers are able to obtain final approval for a prospectus that sets forth all required disclosures except pricing and related information, which will be provided after pricing is complete.

4. Executive Compensation

In March, 1991, the CSA discussed alternatives for adoption of a requirement that issuers disclose compensation paid to executives on an individual basis. The CSA are continuing to examine this issue and, in the course of such examinations, have discussed adoption of such a requirement based on either the U.S. or British model or some combination thereof. Currently, several provinces have published for comment a conceptual release which discusses alternative approaches for dealing with disclosure of executive compensation.

5. Changes to Prospectus Requirements

The OSC has adopted revisions to OSC Policy Statement Nos. 5.1 and 5.6 which, among other things, provide for offerings of non-convertible investment grade debt securities and preferred shares at non-fixed prices, clarify financial information requirements in information circulars and prospectuses concerning "material acquisitions" and require foreign issuers to submit to jurisdiction and appoint an agent for service of process in Canada. Further proposals to codify rules regarding trading by related parties during a distribution have been published and it is anticipated that provisions will be implemented shortly.

6. **Derivative Securities**

During 1991, there was a significant increase in marketing of derivative securities to the retail investor. In response to the emergence of these types of securities staff commenced work on a National Policy Statement on index and commodity warrants. This policy statement is intended to facilitate index and commodity warrant offerings by establishing more expeditious review procedures and codifying the existing disclosure requirements. It is expected to be published for comment this summer. As the staff and the investment community gain experience with other types of prospectus qualified derivative securities, the policy statement will be expanded to cover such securities.

7. **Regulation of Market Participants**

The CSA have undertaken a joint initiative to review the capital, financial reporting and audit requirements of the securities industry in Canada. This has led to the publication of proposals for a new "capital formula" for monitoring the financial stability of securities firms which are members of self-regulatory organizations.

FRANCE

Changes in Regulatory Requirements for Public Offers

Registration procedures/listing procedures

The *Commission des Operations de Bourse* ("COB") adopted in April, 1991, a new regulation (No. 91-02) cancelling the regulation 88-04, related to the drawing up, scrutiny and distribution of the listing particular to be published for the admission of securities to official stock exchange listing. This new regulation improved the full implementation of the European Directive 80/390 EEC.

The form of prospectus is presented to COB 15 working days before the date of issue, or the date of listing. The clearance period is interrupted when additions to the prospectus are requested until the receipt of the answers by COB. When COB reuses to approve the prospectus, the reasons for the decision must be given by COB to the issuer.

When issuers have a *document de référence* registered by COB, the clearance period to obtain COB's approval on the *note d'opération* is only two working days. The *document de référence* corresponds to the part of the prospectus containing:

1. Information concerning those responsible for listing particulars and the auditing of accounts
2. General information about the issuer and its capital
3. Information concerning the issuer's activities
4. Information concerning the issuer's assets and liabilities, financial position and profit and losses
5. Information concerning administration, management and supervision
6. Information concerning the recent development and prospects of issuer.

The *document de référence* may be presented yearly for registration to COB as soon as definitive accounts are approved by the general meeting of shareholders.

When an issuer applies for listing new securities or plans to issue securities, a *note d'opération* is drawn up; it contains all information updating the *document de référence* (particularly concerning point 6 and interim accounts) and information concerning

admission to official listing and the characteristics of the public issue (such as timetable of the issue, nature of the securities sold, and terms of sale).

Prospectus Requirements

1. Number of years for annual audited financial statements: (a) 3 years for equity securities (shares, and securities giving deferred access to shares, such as convertible debt securities) and (b) 2 years for debt securities.

a. 18 months maximum since the end of the period covered by the last balance sheet approved by the general meeting of shareholders.

b. 3 months after the end of the period, non-approved accounts are requested, either annual accounts or semestrial accounts; annual accounts have to be certified or semestrial accounts attested by auditors.

2. French auditors, designated by the issuer with the approval of COB, control translation of accounts and the reconciliation to French/European accounting standards.

Mutual recognition

Mutual recognition of prospectuses applies when drawn up by EEC issuers and approved by competent authority of an EEC State where accounting EEC directives are implemented.

Continuing reporting obligation

Quarterly turnover must be published 45 days after quarter end. Semestrial accounts and activity report (on a consolidated basis) must be published 4 months after semester end. Provisional annual accounts must be published after the end of the annual reporting period for the information of shareholders at the general meeting. If approved, audited annual accounts must be published 45 days after general meeting (including accounts of an affiliated company greater than 50% owned).

Foreign issuers must publish equivalent information, at the same time they give such information to other markets.

Changes in restriction applying to private placements

As a result of European Directive 89/298 EEC, coordinating the requirements for the drawing up, scrutiny and distribution of the prospectus to be published when transferable securities are offered to the public, it is foreseen that restrictions applying to private placements will be significantly alleviated.

Authorisation

Since December 29, 1990, 89 foreign companies from OECD countries are no longer requested to obtain prior authorisation from the Ministry of Finance prior to issuing securities in France or to have their securities listed in France.

GERMANY

Changes in regulatory requirements for public offers

Subject to certain exemptions, Germany's newly-adopted law on securities prospectuses establishes an obligation to publish a prospectus when securities are first offered for sale to the public, thus implementing into German law the relevant EC Directive (89/298/EEC).

There had hitherto been no obligation in Germany to publish a prospectus when securities were first offered for sale to the public. In the future, the issuer must publish a prospectus in the case where securities are being offered to the public for the first time in Germany, provided that these securities are not already listed on a German stock exchange.

In weighing the demands of investor protection against those of financial market deregulation, it was decided to make broad use of the exemptions from the obligation to publish a prospectus provided in the EC directive. The aim was to make it as easy as possible for enterprises to gain access to the capital market and not to impede new issues with bureaucratic regulations. In the case of new issues, the law makes provisions for two modes of procedure:

1. If the issuer has applied for admission to official stock exchange listing, the public offer prospectus is equated with the stock exchange admission prospectus. Its content conforms precisely to the provisions of the ordinance governing admission to stock exchange listing. The stock exchange listing boards will in future have to take a decision on prospectuses within 15 trading days of their submission. The examination of prospectuses is to be speeded up as much as possible so as to ensure that securities issues are closely geared to market requirements.

2. In all other cases, a prospectus must be issued in accordance with the ordinance on securities prospectuses which also came into effect as of January 1, 1991. The content of this prospectus is designed to satisfy the requirements placed on the enterprise report stipulated in the Regulated Market (*Geregelter Market*) - the second market segment on Germany's stock exchanges. The requirements with regard to the content of the prospectus are lower than those placed on the stock exchange admission prospectus. Prior scrutiny of the prospectus is not required.

Exemption from the obligatory issue of a prospectus

The obligation to issue a prospectus does not apply to a number of securities. These include:

(a) securities issued by public bodies and by supranational and international organisations;

(b) bonus shares and shares offered and sold to employees, stock rights and shares from a capital increase out of retained earnings;

(c) securities resulting from the conversion of convertible debt securities or from the exercise of rights conferred by warrants;

(d) tap issues of banks and debt securities having a maturity of less than one year;

(e) units issued by capital investment companies and non-resident investment undertakings;

(f) Euro-securities issued by syndicates having international membership.

Under the new law, a prospectus is required principally in cases where new issues of shares are to be traded on the regulated market and the OTC market and where debt securities having a maturity of more than one year are issued by non-banks.

HONG KONG

1. Changes in regulatory requirements for public offers

(a) Listing procedures & Listing document requirements

Effective from 1 June 1990, changes to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. ("the Listing Rules") included:

(i) an increase in the number of shares which may be issued by directors (as an exception to shareholders' pre-emptive rights) from 10% to 20% of the existing issued share capital;

(ii) an increase in the maximum percentage of warrants which may be issued from 10% to 20% of a company's issued capital and extending the maximum life of a warrant from 3 to 5 years; and

(iii) a new Guidance Note (No. 2) relaxing the underwriting requirements for rights issues and open offers, and a new Guidance Note (No. 3) regarding the listing of partly paid securities.

Effective from 13 May, 1991, the Listing Rules were further amended to include, among other things, the following items.

Reduced Trading Record

The general requirement for a 5 year track record was reduced to a 3 year trading record. In exceptional circumstances a 2 year record may be acceptable. It should be noted that related amendments have not been made to the Companies Ordinance (Cap. 32). As a result, public offers regulated by this Ordinance must still comply with the prospectus requirements thereof which include a general requirement for an auditor's report on the relevant financial affairs of an offering company for each of the five financial years preceding the issue of the prospectus. It is proposed that, as part of the transfer of the Registrar General's prospectus-vetting responsibilities (see below), offering documents which comply with the Listing Rules will be exempted from the requirements of this Ordinance.

Reduced Initial Market Capitalisation

Previously, the listing requirements for a new applicant included an initial market capitalisation of HK$100 million and a 25% public float. These requirements have now been consolidated into a two part test which requires a company new to listing to have securities held by the public which have an expected initial market value of not less than the higher of: (i) HK$24.5 million; or (ii) 25% of the company's expected initial market value at the time of listing. This new test ensures that a company new to listing has a public shareholding with a minimum market value of HK$24.5 million unless the initial market capitalisation of the company will exceed HK$98 million, at which point the 25% test becomes effective.

Other Amendments to the Listing Rules

Also effective from 13 May 1991, changes to the Listing Rules included:

(i) new rules (15.07-15.23) governing the listing of "derivative" or "synthetic" third party warrants;

(ii) new provisions governing voluntary delistings;

(iii) a reduction in the minimum offer period for rights issues and open offers from 21 to 14 days;

(iv) significant amendments to, and restructuring of, the provisions (Chapter 14 of the Listing Rules) relating to connected transactions, with certain exemptions added to facilitate the normal commercial activities of listed companies;

(v) the recognition of the Cook Islands, in addition to Bermuda and Cayman Islands, as an acceptable overseas jurisdiction for Hong Kong "redomiciling" companies. As part of the process of recognition, the Cook Islands entered into a memorandum of understanding with the Securities and Futures Commission (the "SFC" or "Commission") and the Stock Exchange of Hong Kong Ltd. (the "Exchange") whereby the parties agreed to cooperate and assist each other in the regulation and, where appropriate, investigation of listed companies in order to secure compliance with their respective securities requirements.

Revision of the Hong Kong Code on Takeovers and Mergers ("the Takeovers Code")

The revised Takeovers Code will be introducing substantial changes to the requirements governing takeovers and mergers of public companies in Hong Kong, although no change is proposed to the mandatory offer level of 35%. The revised Takeovers Code will devolve greater discretion of interpretation and rulings from the Takeovers Committee to an executive consisting of Commission staff, which will provide a consultative service to market practitioners similar to that provided in the United Kingdom by the London Panel Executive. The current Takeovers Committee will be replaced by a Takeovers and Mergers Panel having broad market representation which will hear appeals from decisions of the Executive, consider important matters referred to it by the Executive, and consider disciplinary cases in the first instance. Additional sanctions will be available to the Panel under the new Takeovers Code. These will include the ability to require registered dealers and advisers not to act for persons failing to comply with the Takeovers Code or a ruling under the Takeovers Code (the so-called "cold-shoulder"). It is intended that the revised Takeovers Code will become effective in the fourth quarter of 1991.

Offers of Securities

A working group of market practitioners has been set up to consider reform of Hong Kong law in relation to offers of securities and other investments. One of the main issues being considered by the working group is whether to abandon the concept of "offering to the public" as the basis for a prospectus requirement. One option being considered is to require all offers for securities and other investments to be made by way of a prospectus unless the proposed offering is expressly exempted from such requirement. Further issues include the extent of disclosure for different types of offers and the liability that should attach to persons who make false or misleading offers or who otherwise fail to comply with related disclosure requirements. These issues will be exposed for public comment in due course and, in the light of responses received, final recommendations will be made for the necessary legislative changes.

b. Proposed changes to registration procedures

Rationalisation of Regulatory Functions

The Commission's statutory responsibilities include overseeing the Exchange in relation to its listings-related functions and responsibilities. At present the Commission and the Exchange jointly administer certain types of listing matters. Steps are now being taken to eliminate these remaining areas of regulatory duplication in respect to the day-to-day administration of listing matters.

Transfer of Registrar General's Prospectus-Vetting Responsibilities

It has been agreed that the Registrar General's prospectus-vetting responsibilities under the Companies Ordinance will be transferred, in the case of listed public companies, to the Exchange, and, in the case of unlisted companies, to the Commission. It is

anticipated that related legislative amendments will be introduced in late 1991 or early 1992.

Administration of the Securities (Stock Exchange Listing) Rules ("the Statutory Rules")

The Statutory Rules are to undergo substantial revision as the Commission's remaining responsibility for day-to-day administration of listing matters is devolved to the Exchange. The Commission, in conjunction with the Exchange, will, in due course, be releasing for public comment a proposal to introduce certain minimum statutory obligations for listed companies. Such statutory obligations are proposed to be largely disclosure-oriented. It is intended that listed companies would thereby become required to ensure that documents issued to investors or their shareholders meet minimum standards of disclosure by not containing any misrepresentations or material omissions.

2. Securities (Disclosure of Interests) Ordinance

This Ordinance, as amended, will come into effect on 1st September, 1991. The Ordinance requires public disclosure of shareholdings in Hong Kong listed companies, irrespective of their country of incorporation, by any persons "interested" in 10% or more of the voting shares of the company, and requires directors and other officers of such a company to publicly disclose any interest they have in the shares or debentures of the company or any associated corporation. The Commission has discretion to exempt companies from all or part of the disclosure provisions of the Ordinance and has published Guidelines setting out how this discretion will be exercised. The Guidelines provide for either a complete exemption (for large multinationals which have little or no trading on the Exchange) or a partial exemption (for companies subject to comparable disclosure obligations in their home jurisdiction and which have less than 20% of their average daily worldwide trading volume taking place on the Exchange).

3. Other Controls Over Dealings

Hong Kong Code on Share Repurchases (the "Share Repurchase Code")

The Share Repurchase Code came into effect on 15 April 1991. Like the Takeovers Code, the Share Repurchase Code is non-statutory in nature. Under the Share Repurchase Code, any public company is permitted to repurchase its own shares by way of a general offer. Such repurchases must be made on the same terms to all holders of shares of the class of shares that is the subject to the general offer. Share repurchases are also permissible in other circumstances under prescribed exemptions from the general offer requirement. The most important of these exemptions is the ability of a listed company to purchase its own shares "on-market" through the facilities of the Exchange or through the facilities of another recognised exchange in accordance with the rules of the relevant exchange. Changes to the Listing Rules which permit such on-market shares repurchases by listed companies came into effect on 13 May 1991. The Listing Rules now provide, among other things, that a company may make monthly share repurchases through the facilities of the Exchange of up to 25% of the total number of its shares traded on the Exchange during the immediately preceding month subject to an annual limit of no more than 10% of the company's outstanding shares. At present, Hong Kong incorporated companies are prohibited from engaging in share repurchases; however, the Companies (Amendment) Ordinance 1991 was recently passed by the Legislative Council on 3 July 1991 to repeal this prohibition. Hong Kong incorporated companies will therefore be permitted to engage in share repurchases when the Companies (Amendment) Ordinance 1991 becomes effective on 1 September 1991.

4. Other Issues Bearing On International Equity Offerings

Re-domicilings

During the year, more Hong Kong incorporated listed companies elected to change their corporate "domicile" to an accepted overseas jurisdiction. To date, Bermuda, the

Cayman Islands and the Cook Islands have been "accepted" for this purpose. However, the rate of "redomicilings" has slowed. As at 31 June 1991, there were 99 companies with their primary listing on the Exchange which were incorporated in Bermuda or the Cayman Islands, representing approximately 33% of the total number of Exchange listed companies and 25% of the total market capitalisation of the Exchange.

Second Board/China Board

In light of the changes to the listing procedures and listing requirements described in section 1 above (in particular the lower market capitalisation and trading record requirements), the concept of developing a Second Board has been abandoned. The potential for enhancing equity financing of enterprises carrying on business in the People's Republic of China is being actively explored.

Amendments to Secrecy Provisions of SFC Ordinance

A Bill to alleviate some of the stringent secrecy requirements of the Securities and Futures Commission Ordinance was passed into law and came into effect on 28 June 1991. The amendments permit disclosure of information in the possession of the Commission to both overseas and domestic financial services regulators in order to assist them in the performance of their functions.

Securities (Insider Dealings) Ordinance

The Securities (Insider Dealing) Ordinance will come into effect 1 September 1991 and will provide wider penalties than the predecessor provisions contained in Part XII A (which will be repealed) of the Securities Ordinance. The Securities (Insider Dealings) Ordinance provides, among other things, that offenders will be liable to pay a fine of three times the profit made or loss avoided and to be disqualified from the directorship of listed companies. Insider dealings will still not be a criminal offence in Hong Kong, but a failure to comply with an order of the Insider Dealing Tribunal will constitute an offence.

New Stock Borrowing and Lending Rules

Amendments to the Rules of the Exchange have recently been implemented to permit stock borrowing and lending to settle transactions on the Exchange. The Commission has also made amendments to its capital rules to facilitate stock borrowing and lending and to minimise any related adverse effects on the approved capital and liquidity of brokers. A recent amendment to the Stamp Duty Ordinance exempts from stamp duty stock borrowing and lending transactions entered into solely for the purpose of settling trades on the Exchange.

New Products

Synthetic and third party warrants have again proved popular with several new issues listed on the Exchange during this past year. These have included warrants in relation to stock indices, currencies, and shares of several first tier Hong Kong listed companies.

ITALY

Changes in Regulatory Requirements for Public Offers

Italy adopted several laws and regulations in 1990 and the early months of this year involving significant changes in the regulatory framework governing securities markets:

(a) Law No. 1 of 2 January 1991 on the "Regulation of securities investment business and provision on the organization of the securities markets";

(b) Law No. 157 of 17 May 1991 containing "Provisions concerning the use of inside information in securities transactions and the Companies and Stock Exchange Commission (Consob)";

(c) Presidential Decree No. 127 of 9 April 1991 incorporating the 4th and 7th EEC Directives on annual and consolidated accounts into Italian law;

(d) Amendments to the 1989 "Regulation for the Admission of Securities to Official Stock Exchange Listing", adopted by the Commission in Resolution No. 5208 of 20 February 1991;

(e) Amendments to the general provisions regarding the drawing up of prospectuses and the manner in which offerings are to be published for operations that involve raising funds from the public within the meaning of Article 1/18 of Law No. 216 of 7 June 1974, adopted by the Commission in Resolution No. 5209 of 20 February 1991;

(f) Consob notice of 16 July 1990 concerning the disclosure of information by companies.

Registration Procedure

Provision has been made for the Consob to receive, at the same time as the notification of the intention to raise funds from the public (within the meaning of Article 1/18 of Law 216/1974), the resolutions and authorizations needed for the issue and/or sale of the securities in question and the content of the notice regarding the public offer to be published in national newspapers.

Listing Procedures

(a) Effect has been given to the provision of Article 15 of EEC Directive 80/390 by requiring, in the event of an application for admission to official listing of securities issued in connection with the division of a company, that the documents describing the terms and conditions of such an operation be made public if the operation was carried out during the two financial years preceding the admission to listing. This change takes on particular importance in view of the incorporation into Italian law by way of Legislative Decree No. 22 of 16 January 1991 of the 6th EEC Directive, with the result that the division of companies is now foreseen in Italian company law.

(b) A new procedure has been adopted for admission to official listing, whereby application may be made to the Consob for a simultaneous decision on the listing application and the granting of the authorisation to deposit the prospectus regarding the public offer designed to create the float, provided the applicant undertakes both to communicate the results of the offer and to deliver the securities to the persons entitled to receive them within a short period. The aim of the new procedure, which is designed in particular for issuers of securities that are already listed who apply for the listing of securities of a different type, is to minimize the time between the offer of the securities and their admission to listing.

(c) Foreign issuers have been required to enclose with their application a document which, among other things:

- indicates the ways in which shareholders' rights are to be exercised, via Monte Titoli S.p.a., the central depository body, with special reference to economic rights (dividend rights, etc.),

- contains a declaration by Monte Titoli S.p.a. testifying that transactions in the securities to be admitted to listing can be settled via the clearing procedure without any physical movement of the securities themselves.

Prospectus Requirements

(a) Where application for admission to official listing is made for securities which have been listed in other EEC member states less than six months previously, the Consob may, after consulting the competent authorities that admitted the securities to the official listing, exempt the issuer from drawing up new listing particulars, without prejudice to any need for updating or the issue of supplements in accordance with the requirements of Italian law.

Such listing particulars must be translated into Italian certified by a legal representative of the issuer as conforming with the listing particulars approved by another competent authority.

This provision gives effect to paragraph 3 of Article 24(c) of EEC Directive 80/390 as amended by EEC Directive 87/345.

(b) Article 2 of EEC Directive 90/211 amending EEC Directive 80/390 in respect of the mutual recognition of public-offer prospectuses as stock exchange listing particulars has been complied with by making this principle applicable to public-offer prospectuses drawn up and approved in any EEC member state in conformity with EEC Directive 80/390.

Continuing Reporting Obligations

As regards the continuous disclosure of information, Article 6 of Law No. 157 of 17 May 1991 lays down that the Consob shall issue regulations indicating: the procedures for the computerized registration of all securities transactions on each regulated market, by security and by intermediary, and for the computerized registration by every person engaging in securities investment business of the transactions carried out in securities, by security and by customer, and

- the procedures, time limits and conditions for the public disclosure of all news, statistics and studies regarding listed companies (and the companies that control them, that are controlled by them or, even if unlisted, that are related to them) of value to the shareholders and to investors and for the proper functioning of the market.

These regulations are to be issued within 180 days of the date of entry into force of this law.

As regards accounting information, it should be noted that Presidential Decree No. 127 of 9 April 1991 incorporated the 4th and 7th EEC Directives on annual and consolidated accounts into Italian law.

A Consob notice of 16 July 1990 changed the regulations on the information to be disclosed to shareholders' meetings and the supervisory authority, in brief:

- instead of indicating the number of shareholders and the percentage of the capital owned by the ten largest shareholders, the names of shareholders owning more than 2% of the capital now have to be included in the minutes of the shareholders' meeting;

- the minimum content of the Report of the Board of Directors (Article 1/4 of Law 216/1974) has now been specified in the event of proposals to resolve on changes to the Articles of Incorporation, changes in the share capital and/or bond issues;

- such resolutions must be immediately publicized by way of advertisements in at least two national newspapers indicating the number and features of the securities in question.

In addition, the Consob, pursuant to Paragraph 2 of Article 20 of Law 1/1991, may allow issuers to comply with the company disclosure requirements in force in Italy compatibly with the regulations in force in their country of origin. To give effect to this decision, the Consob amended the text of the regulations governing admission to official listing. Accordingly, companies are no longer required to comply with all the disclosure requirements in force in Italy, but only to conform with the substance of the principles of transparency vis-à-vis the investing public with regard to the ownership and management of companies admitted to official listing.

JAPAN

Enhancement of Disclosure Requirements

The Government of Japan enhanced the disclosure requirements under the Securities and Exchange Law in December, 1990 as follows:

The measures in 1., 2. and 3. below have been implemented from the business year beginning on or after April 1, 1991, and the measure in 4. below from the business year ending in or after March 1, 1992.

1. Enhancement of reporting of related-party transactions

With respect to reporting of related-party transactions, the scope of related-party disclosure requirements has been expanded so that they include a company's transactions with its affiliated companies, major shareholders (holding 10 percent of shares or more) and any other important related parties in addition to the transactions with its parent company and with its directors that are currently disclosed. Under the new rule, the nature of the relationships, description of the transactions, the amounts and conditions of transactions, etc., have to be disclosed as well.

2. Disclosure of the consolidated financial statement in the primary annual statement

With respect to the consolidated financial statement required by the Securities and Exchange Law, the rule has been amended so that the consolidated financial statement is disclosed in the primary annual statement, instead of being provided as its attachment.

3. Inclusion of sales amounts by major customers in the unconsolidated financial report

The disclosure requirements on the unconsolidated financial report have been amended to include sales amounts to each major customer, defined as those accounting for 10% or more of total revenue.

4. **Disclosure of market value of securities held, futures and option transactions**

The disclosure requirements on the unconsolidated financial report have been amended so that the market value as of the end of business year of securities held, futures and option transactions is disclosed in the annual statement.

LUXEMBOURG

Registration and listing of securities

Since January 1, 1991, the *Commissariat aux Bourses* ("Exchange Supervisory Commission," the "CAB") created by the law of September 21, 1990, is the competent authority to enforce the rules relating to the registration and listing of securities. While the above-mentioned law has entrusted the CAB with the power of decision, a part of the executive power has been delegated to the administrative services of the Luxembourg Stock Exchange ("LSX").

In practice, public offerings of securities, as well as applications for official quotations on the LSX, must be notified to the LSX with at least two weeks' notice. The LSX shall promptly inform the CAB of each notice and specify the name of the issuer and the nature of the transferable securities.

In compliance with the grand-ducal decree of December 28, 1990, the LSX is in charge of the approval of the listing particulars to be published for the official quotation of transferable securities on the LSX and the prospectus relating to the public offers which are subjected to the listing in Luxembourg. The LSX will endorse its visa on these prospectuses. With regard to the approval of prospectuses of public offers which will not be subject to listing, the LSX has been entrusted with the examination of the relevant file whereas the visa of these prospectuses is granted by the CAB.

The public offer prospectus and the listing particulars shall contain the information which, according to the particular nature of the issuer and of the transferable securities concerned by the operation, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attached to such securities. The minimum information to be inserted in the prospectus are listed in schemes established according to the operation's form, the nature and the characteristics of the issuing company. The LSX may, with the consent of the CAB, request the disclosure of any additional information deemed useful or necessary to provide fair and full information to the public. The LSX may, with the consent of the CAB, exempt an issuer from publishing certain information, if that information is of minor importance only and is not likely to influence the assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer. This also applies if the disclosure of the information would be contrary to the public interest or would be seriously detrimental to the issuer, provided that, in the latter case, the omission of information would not be likely to mislead the public with regard to facts and circumstances essential for assessment of the securities concerned.

The prospectus for bonds is normally approved by the LSX within less than one week and the listing may be obtained by the LSX at least within seven working days, whereas the clearance process for the approval of the prospectus and the listing of shares may take a longer time, generally between two and six weeks, depending of the complexity of the file.

Mutual Recognition of Public Offering Prospectuses on Listing Particulars

Pursuant to the EC directives relating to the mutual recognition of prospectuses, the new rules of section IV of the grand-ducal decree of December 28, 1990, permit the recognition of offering prospectuses and listing particulars approved by the competent authority of another EC member state for the public offering or listing in Luxembourg.

Luxembourg rules governing mutual recognition apply also to the prospectus of issuers who have not their registered office in an EC Member State if the prospectus has been approved by the competent authority of another EC Member State.

Insider Trading

Luxembourg addressed insider trading by enacting the law of May 3, 1991 which implements into Luxembourg national law the Directive 89/592/EEC of November 13, 1989 coordinating regulations on insider dealing. By the said law the CAB has been designated as the competent administrative authority entrusted with the necessary investigatory powers to detect insider trading delicts and to cooperate with foreign authorities.

NETHERLANDS

Since April 1990, several important steps were taken towards the completion of the Dutch Securities legislation innovation program.

First, in October 1990, the Investment Institutions Supervision Act, of which the Dutch Central Bank ("DCB") was designated as the competent authority and administrative body, entered into force. This Act regulates the offering and exchange of units or shares of investment institutions (*i.e.*, investment companies UCITS (See: EC/85/611)). All investment institutions licensed under the old act are grandfathered until October 15, 1991. All new investment institutions offering their securities to the public, which previously had to apply for a license with the Ministry of Finance or request for admission tat the Amsterdam Stock Exchange ("ASE"), are now required to apply for a license at the DCB and, if applicable, for admission at the ASE. The required minimum equity capital of an investment institution was raised to NLG.$500,000.00 and the reporting requirements were tightened; including the preparation of quarterly reports for the DCB, annual and semi-annual reports, and the disclosure of monthly reports to the investors.

Second, in March 1991, the Securities Trading Supervision Act ("STS Act") was adopted by Parliament. The rules and regulations under the STS Act, which is expected to enter into force in the beginning of 1992, are still under discussion. The STS Act, which, *inter alia*, sets forth amended rules regarding the issuance of equity on the OTC market will be administered by the Securities Board of the Netherlands. The Major Holdings Disclosure Bill, which is to implement EC Directive 88/627, was adopted by the Second Chamber of the Parliament and is currently under discussion in the First Chamber.

On April 15, 1991, the Rules of the Amsterdam Stock Exchange were amended to implement EC Directive 90/211 - amending EC/80/390 - providing for the recognition by the ASE of offering documents within 3 months after acceptance by a listing authority from another EC Member State.

Although last year (May 1990 to April 1991) the drafting and Parliamental discussions on the "new" regulatory framework continued, not many new rules relating to the offering and exchange of equity securities entered into effect. As mentioned above, a relatively large amount of material changes are expected to take place in the next reporting period.

SPAIN

The Ministerial Order of 18 January 1991 under Article 35 LMV (Spanish Security Law) requires public periodical information for listed companies. Biannually (normally as of June and December) a balance sheet and profit and loss account are required, with a summary of the revenue distributed by activity reports and geographical areas, plus a description of business evolution and a summary of the significant events reported to the public within the period. All information should be filed within two calendar months of the accounting reference date.

Also for the first quarter (normally as of March) and the third quarter of the year (normally as of September), only revenue and the final profit/loss figures are requested together with a summary of the business evolution and the significant events reported within the period. This information should be filed with in one and a half calendar months of the account reference date.

The above-mentioned order contains a reminder of the obligation to inform the public immediately of any event or decision taken or to be taken that may affect the quotation of the listed stocks. The ministerial order also includes a list of items considered events that shall be made public and reported to the market by listed companies.

SWEDEN

No changes reported.

SWITZERLAND

The following changes have been implemented in Switzerland in the field of international equity offers:

In January 1991, the Securities' Admission Board of the Association of Swiss Exchanges has adopted new guidelines listed below. Compared to the old rules, the main changes are the following:

The quality of foreign issuers is no more a criterion for evaluation by the Securities' Admission Board. Previously, the quality standards of internationally recognized rating agencies was to be referred to for guidance. For example, straight bonds required at least a "BBB" rating or its equivalent in order to obtain a listing. Further, the Securities' Admission Board does not evaluate any more the business sector in general in which the issuer operates.

On the other hand, the Securities' Admission Board has itself been reorganized on July 1, 1991. Until this date, its role was limited to the listing of foreign securities. It acts now as the only listing body for all Swiss stock exchanges.

Further to the harmonization of the listing regulation of Swiss stock exchange, which took place in 1986, the listing procedure for admission to the stock exchanges of Zurich, Geneva and Basle is now centralized and thus made more efficient. The Securities' Admission Board, which is a body set by the Association of Swiss Exchanges, is formed by representatives of the banking industry and of the economy at large. Its Secretariat is located in Zurich.

Guidelines for Decisions by the Securities' Admission Board

A. Main Aspects for Evaluation

1. Country risk and ability to transfer funds

Evaluation of country risk and whether the funds of the issue can be transferred.

2. Marketability in country of origin

Would the issuer be able to have its equity or public bond issues listed on the capital market of his country of origin?

3. Investor security

Is security offered which is comparable to that for other bond issues by the same issuer on other markets? Do provisions concerning applicable law and jurisdiction, protection of investors' anonymity and tax implications conform to customary market practice?

4. Marketability of the issue

Evaluation of new instruments.

5. Fair information and presentation

Are investors offered a fair presentation (*i.e.*, reflecting the significance of information in the right proportions) of the issuer, the terms and conditions of the issue, *etc.*? (Listing prospectus and listing advertisement shall contain information concerning increased risks which - at the time of the issue - may have a material impact on the investment decision.)

6. Other aspects

Are any further considerations relevant for this particular case?

B. General Assessment

If the issue is consistent in general with the present guidelines - bearing in mind a different weighing of the individual aspects - it will be admitted to the main board of the stock exchanges.

UNITED KINGDOM

A move towards implementation of the EC Prospectus Directive and the changes to the London Stock Exchange (the "Exchange") requirements for initial public offers are described below.

Mutual Recognition

Further to the implementation of the Directive on Mutual Recognition of Listing Particulars in January 1990 in April 1991 HM Government brought into force the Companies Act 1985 (Mutual Recognition of Prospectuses) Regulations 1991. These permit an EC company which complies with the Prospectus Directive (whether seeking a listing on its own exchange or not) to apply for a listing by way of mutual recognition on the Exchange.

Initial Public Offers

Following the publication for public consultation last year by the Exchange of proposed changes to the Exchange's requirements relating to the marketing and distribution of Initial Public Offers ("IPOs") by U.K. companies, new rules have now been determined and were implemented on January 1, 1991.

The main elements of these rules were essentially in line with the proposed changes as referred to in last year's report.

The new rules divide IPOs into three categories based on the size of the issue. There are small offers where up to £15 million is being raised; medium offers where in excess of £15 million and up to £30 million is to be raised and large offers where above £30 million is to be issued.

In the case of a small offer the whole issue may be placed by the sponsor with its clients and there need only be established one market-maker independent of the sponsor.

The rules relating to a medium offer permit up to either 75% of the shares being marketed or £15 million (where ever is the less) to be placed by the sponsor; the balance of the issue must be marketed either by an offer for sale or by means of an "intermediaries offer." This is a new concept allowing securities houses not connected with the sponsor to apply for shares on behalf of their clients who are not on the sponsor's own list. Two market-makers, independent of the sponsor and willing to make a market in the shares, must be appointed.

In the case of a large offer, the securities must be marketed by way of offer for sale although the sponsor is permitted to place with its clients up to 50% of the issue. Again, at least two independent market-makers must be appointed.

To help reduce the costs of an IPO, the advertising requirements for offers have been reduced and simplified. There is no longer a requirement to reproduce full listing particulars in a national newspaper. Instead only the availability of listing particulars need be advertised and this by way of a formal notice in one national daily newspaper.

As referred to in last October's report these changes do not in any way alter the wide existing choice available to non-U.K. companies contemplating a multi-jurisdictional or euro-equity offer involving a listing in London. Such companies are generally permitted to market securities in the United Kingdom in accordance with the practices of their own domestic markets.

UNITED STATES

Accommodation of Multinational Offerings

On May 30, 1991, the U.S. Securities and Exchange Commission adopted a multijurisdictional disclosure system ("MJDS") for Canadian issuers that largely parallels the MJDS adopted at the same time by the Canadian authorities for U.S. issuers

Effective July 1, 1991, the MJDS allows eligible Canadian issuers to register securities under the Securities Act and to register securities and to report under the Exchange Act by use of documents prepared largely in accordance with Canadian requirements.

MJDS Eligibility Requirements

Rights Offers

To encourage Canadian issuers to extend rights offers to their U.S. shareholders (rather than cash them out to avoid U.S. registration), MJDS Form F-7 is available for registration of such offers. Form F-7 acts as a wraparound for the relevant Canadian offering documents. No reconciliation to U.S. GAAP is required for financial statements.

An eligible issuer must:

(a) be incorporated or organized in Canada and be a foreign private issuer;

(b) have been reporting for the preceding 36 months to Canadian securities regulatory authorities;

(c) have been listed for the preceding 12 months on the Montreal or Toronto Stock Exchange or the Senior Board of the Vancouver Stock Exchange; and

(d) be currently in compliance with its reporting and listing obligations.

The form also requires that:

(a) the rights may not be transferable other than in accordance with Regulation S; and

(b) the rights may be granted to U.S. holders on terms no less favorable than those extended to any other holder of the same class of securities.

Tender Offers

To encourage offers to be made to U.S. investors, tender offers that are primarily Canadian in character may satisfy U.S. regulation by complying with applicable Canadian regulations. New disclosure forms have been adopted for issuer tender offers, third-party or affiliate tender offers, and recommendations by an issuer, or director or officer of the issuer with respect to a tender offer by a third party or affiliate, if the tender offer is for a class of securities of a Canadian issuer.

(a) Eligibility Requirements

(i) Offers must be extended to all holders of the class of securities in the United States and Canada upon terms and conditions not less favorable than those offered to any other holder of the same class of securities.

(ii) The transaction must be covered by and not exempt from substantive provisions of Canadian law governing the terms and conditions of the offer.

(iii) U.S. holders must hold less than 40 percent of the subject securities.

(b) U.S. Ownership Ceiling

(i) The percentage ceiling on U.S. ownership for cash and exchange offers made pursuant to the MJDS is calculated by reference to securities held by persons with U.S. addresses in the records of the issuer and other specified records. U.S. affiliates of the Canadian company are not excluded from the calculation of the U.S. ownership ceiling.

(ii) The operative date for calculating U.S. ownership is the end of the subject company's last quarter or, if such quarter terminated within 60 days of the filing date, as of the end of the subject company's preceding quarter. In the case of competing bids, the date of the initial bid will be used for determining MJDS eligibility. Subsequent competing bids are permitted to look back to the initial commencement date, so long as the initial offer was eligible to use the MJDS, regardless of whether the initial offer took advantage of the MJDS.

(iii) Third-party bidders, solicited and unsolicited, are permitted to rely upon a conclusive presumption that less than the threshold percentage of securities is held by U.S. holders and that the target is a foreign private issuer, absent published trading volume data, disclosure in public filings or actual knowledge to the contrary.

(c) Canadian Regulation

A condition to the use of MJDS to effect cross-border tender and exchange offers is that the offer be subject to a Canadian regulatory scheme governing the conduct of tender offers. Consequently, transactions that are not subject to Canadian tender offer regulation, such as offers for non-convertible debt securities and non-convertible, non-voting preferred stock would not be eligible for the MJDS. Offers exempted from Canadian tender offer requirements that would otherwise be imposed under U.S. law likewise would not qualify, absent an exemption from the Commission.

(d) Exchange Act Exemptions

The Commission also granted certain exemptions with respect to Rule 10b-6 and 10b-13 in connection with tender offers made in reliance upon MJDS Schedules.

Exchange Offers

To encourage Canadian issuers to extend exchange offers to U.S. shareholders, MJDS Forms F-8 and F-80 are available for registration for some such offers. Forms F-8 and F-80 consist primarily of the Canadian offering documents required for exchange offers. No reconciliation to U.S. GAAP is required.

An eligible issuer must:

(a) be incorporated or organized in Canada and be a foreign private issuer;

(b) have been reporting for the preceding 36 months to Canadian securities regulatory authorities;

(c) have been listed for the preceding 12 months on the Montreal or Toronto Stock Exchange or the Senior Board of the Vancouver Stock Exchange;

(d) be currently in compliance with its reporting and listing obligations; and

(e) have a public float (an aggregate market value held by non-affiliates) of at least CN$75 million, unless the issuer is making an exchange offer for its own securities.

The forms also require that:

(a) the issuer of the securities that are the subject of the exchange offer must be incorporated or organized in Canada and be a foreign private issuer;

(b) less than 25% (in the case of Form F-8) or 40% (in the case of Form F-80) of the securities that are the subject of the exchange offer is held by U.S. holders;

(c) the securities must be offered to U.S. holders on terms no less favorable than those offered to any other holder of the same class of securities; and

(d) derivative securities may not be registered on Form F-8 or F-80 except (i) warrants, options and rights, provided that such securities and the underlying securities to which they relate are issued by the registrant, its parent or an affiliate of either, and (ii) convertible securities, provided that such securities are convertible into only securities of the registrant, its parent or an affiliate of either.

Business Combinations

Forms F-8 and F-80 are available for registration of securities offered in Canadian statutory amalgamations, mergers, arrangements and other reorganizations requiring the vote of shareholders of the participating companies ("business combinations"). For business combinations, those Forms consist of primarily the information prepared for distribution under Canadian proxy requirements. No reconciliation to U.S. GAAP is required for financial statements.

Registration for a business combination is allowed on Forms F-8 and F-80 if:

(a) each participant is organized or incorporated in Canada and is a foreign private issuer;

(b) the predecessor participants have been reporting for the preceding 36 months to Canadian securities regulatory authorities;

(c) the predecessor participants have been listed for the preceding 12 months on the Montreal or Toronto Exchange or the Senior Board of the Vancouver Stock Exchange;

(d) each predecessor participant has a public float of CN$75 million;

(e) U.S. holders would hold less than 25% (in the case of Form F-8) or 40% (in the case of F-80) of the class of securities being registered by the successor upon completion of the business combination; and

(f) the securities must be offered to U.S. holders on terms no less favorable than those offered to any other holder of the same class of securities.

Offerings of Investment Grade Non-Convertible Debt or Preferred Securities

Offerings of investment grade debt and preferred stock may be registered on Form F-9. The debt or preferred stock must be rated investment grade (the four highest ratings) by a nationally recognized statistical rating organization. Like the other MJDS forms, Form F-9 is primarily a wraparound form for the Canadian disclosure documents. No reconciliation to U.S. GAAP is required for financial statements.

An eligible issuer must:

(a) be incorporated or organized in Canada and be a foreign private issuer or a crown corporation;

(b) have been reporting for the preceding 36 months (or, if a crown corporation, the preceding 12 months) to Canadian securities regulatory authorities;

(c) be currently in compliance with its reporting obligations;

(d) have a public float of at least CN$75 million, unless the securities being registered are not convertible; and

(e) have a market capitalization for its equity of at least CN$180 million, unless the securities being registered are not convertible.

Offerings of Other Securities

Subject to a limitation on derivative securities, registration of any securities, including equity securities, is permitted on Form F-10. Form F-10 is primarily a wraparound form for the Canadian disclosure documents, but reconciliation of included financial statements to U.S. GAAP is required if the Form is filed within two years of the effective date of the MJDS. Thereafter, reconciliation is not required, absent future Commission action to the contrary.

An eligible issuer must:

(a) be incorporated or organized in Canada and be a foreign private issuer;

(b) have been reporting for the preceding 36 months to Canadian securities regulatory authorities;

(c) be currently in compliance with its reporting obligations;

(d) have a public float of at least CN$75 million; and

(e) have a market capitalization for its equity of at least CN$360 million.

Derivative securities may not be registered on Form F-10 except (i) warrants, options and rights, provided that such securities and the underlying securities to which they relate are issued by the registrant, its parent or an affiliate of either, or (ii) convertible securities, provided that such securities are convertible only into securities of the registrant, its parent or an affiliate of either.

Forms F-9 and F-10 may be used for registration of exchange offers, and registration in connection with business combinations is accommodated in Form F-10.

Trust Indenture Act of 1939

Two new rules have been adopted for MJDS debt offerings. One rule permits Canadian institutional trustees subject to supervision or examination by Canadian federal authorities to act as sole trustees in debt offerings under the MJDS. The other rule provides an exemption from specified provisions of the Act for indentures governing debt securities sold under the MJDS where the indentures are subject to similar substantive provisions under Canadian federal or Ontario law.

Insider reports and proxy regulation

Before adoption of MJDS, some Canadian issuers were treated as if they were United States issuers and so were subject to U.S. requirements for insider reports and proxy regulation. MJDS has abolished any distinction between Canadian issuers and foreign private issuers incorporated in other jurisdictions. As a result, all Canadian foreign private issuers are now outside U.S. regulations for insider reports and proxy solicitations.

Investment Companies

The MJDS is not available for investment companies that are registered or required to be registered under the Investment Company Act of 1940. It is available to investment companies exempt from registration thereunder.

Auditor Independence

Except in the case of rights offerings on Form F-7, the MJDS requires compliance by auditors with U.S. independence requirements commencing with their report on financial statements for the most recent full fiscal year included in the initial registration statement on an MJDS form. For earlier periods, compliance with the ethics and independence standards of Canada would be required unless U.S. auditor independence requirements otherwise applied.

Registration and Periodic Reporting under the Exchange Act

Forms 40-F and 6-K are available for use by certain Canadian issuers to register securities under the Exchange Act or to satisfy periodic reporting requirements. Information to be filed on Form 40-F includes the issuer's annual information form and audited annual financial statements with accompanying management's discussion and analysis, all as prepared in accordance with Canadian requirements. Reconciliation of financial statements to U.S. standards is required under Form 40-F unless the obligation to file arises because of registration on Form F-7, F-8, F-9 or F-80 or the Form 40-F is filed with respect to securities that could have been registered under the Securities Act on Form F-9. Form 6-K information is information the issuer has made public in its home jurisdiction, filed with a stock exchange where its securities are traded, or distributed to its shareholders.

A Canadian issuer that lists securities on a U.S. stock exchange or NASDAQ or that exceeds the Section 12(g) threshold of equity securities held of record by U.S. residents is eligible to use Forms 40-F and 6-K to satisfy such registration or continuous reporting obligations under the Exchange Act if:

(a) the issuer is eligible to use Form F-10; or

(b) the issuer is eligible to use F-9 and the securities could be registered on Form F-9.

Cross-Border Rights Offerings

Issuers outside the United States frequently make rights offerings, in many cases due to requirements for preemptive rights imposed by statute or by exchange rule. U.S. investors are often excluded from or cashed out of these rights offerings because of issuers' reluctance to register the offering in the United States or to incur periodic reporting obligations that result from registration of offerings in the United States. On June 4, 1991, the Commission published for comment proposals for a new exemption and a new registration form to facilitate rights offerings by foreign private issuers to existing U.S. shareholders.

Proposed Rule 801 would exempt from the registration the offer and sale in the United States of foreign equity securities in rights offerings if the aggregate offering price on exercise of rights issued to U.S. holders does not exceed $5 million. Proposed Rule 801 would not mandate that specific information, including offering circulars, if any, be sent to U.S. offerees, except that where any document, notice or other information had been provided to offerees residing in the issuer's home jurisdiction, copies of such document (translated into English if not in English) must be provided to the U.S. offerees at the same time as, or as soon as practicable after such document is provided to home jurisdiction offerees. If information regarding the offering is published in a home jurisdiction publication, the issuer may satisfy this information dissemination requirement by publishing an advertisement of the offering in an publication of general circulation in the United States, or by delivering written copies of the publication or advertisement to U.S. offerees.

The proposed new registration form would permit rights offerings of foreign equities to be registered using documents prepared according to the disclosure requirements of the issuer's home jurisdiction. Reconciliation to U.S. GAAP and

compliance with U.S. auditing standards or accountant independence standards would not be required. As proposed, the registration statement on proposed Form F-11 would become effective on filing and would not be subject to prior review by the Commission staff. The registrant would be required to deliver prospectuses to U.S. shareholders consisting of the disclosure documents used in the home jurisdiction. Foreign issuers would not solely as a result of having sold securities on the proposed form acquire a continuous reporting obligation.

The proposed system for rights offerings would be available to any foreign private issuer (1) filing periodic reports with the Commission if the issuer is current in such filing obligations at the time of the offering or (2) exempt from Exchange Act registration pursuant to Rule 12g3-2(b), so long as these exempt issuers have a class of equity securities listed on a designated offshore securities market (as defined under Regulation S) and either have maintained such listing for three years or have a public float of not less than $75 million. Only equity securities of the same class as that held by the offerees in the United States may be offered or sold in reliance on proposed Rule 801 or pursuant to registration on proposed Form F-11. The rights must be distributed on a pro rata basis to existing securityholders, including for this purpose holders of ADRs evidencing such securities, and may not be transferred in the United States. Transfer of the rights in accordance with Regulation S would not be prohibited, however. The Commission is proposing for comment exemptions from Rules 10b-6, 10b-7, and 10b-8 under the Exchange Act to facilitate rights offerings made in reliance on proposed Rule 801 or registered on proposed Form F-11. Proposed Rule 801 and Form F-11 would not be available to investment companies registered, or required to be registered, under the Investment Company Act of 1940.

Also proposed were amendments to Securities Act Form F-3 to permit any foreign private issuers filing periodic reports under the Exchange Act to register on that form rights offerings, offerings in connection with dividend or interest reinvestment plans, conversions of convertible securities, or the exercise of outstanding warrants, so long as the securities are not being offered pursuant to standing underwriting arrangements, even if the issuers do not have a three-year reporting history under the Exchange Act or have a minimum public float of $300 million. Form F-3 would also be amended to make the registration statement effective upon filing with the Commission, so long as the form is used in connection with rights offerings, dividend or interest reinvestment plans, conversion, or the exercise of warrants.

International Tender and Exchange Offers

On June 5, 1991, the Commission issued a release proposing rules, rules and forms that would permit tender offers for a foreign issuer's securities to proceed in the United States on the basis of the applicable regulation of the target company's home jurisdiction where a small percentage of the shares sought are held of record by United States holders. Under the new procedures, offers eligible for the proposed exemptions would not be subject to the disclosure, filing, dissemination and minimum offering period requirements, proration and withdrawal rights, and other regulations of the Commission's rules other than the prohibition of insider trading.

In light of the increasing U.S. ownership of foreign securities and the likelihood of significant acquisition activity with respect to securities of foreign issuers in the future through mergers, tender offers, and exchange offers, the practice of excluding U.S. holders is expected to have an increasingly significant effect both in terms of the number of U.S. investors affected and the potential number of transactions involved. Despite their exclusion, U.S. investors are directly affected by these transactions, since they generally will be forced to sell into the market, incurring significant transaction costs not associated with the tender or exchange offer, or relegated to minority shareholder status with significantly less liquidity and subject to the possibility of being cashed out in a subsequent "freeze-out" merger.

The proposed rules would permit tender offers for a foreign issuer's securities to proceed in the U.S. on the basis of the applicable regulation of the target company's home

jurisdiction where a small percentage of the shares sought are held of record by United States holders. Under the new procedures, offers eligible for the proposed exemptions would not be subject to the disclosure, filing, dissemination and minimum offering period requirements, proration and withdrawal rights, and other requirements of the Commission's rules except insider trading prohibitions.

The conditions for reliance on the proposed rules would be (1) that 10 percent or less of the class of securities sought in the tender offer are held by U.S. holders, excluding holders of more than 10 percent; (2) that an English translation of the offering materials be submitted to the Commission; (3) that U.S. securityholders are permitted to participate in the offer on terms not less favorable than those offered any other holders of the same class of securities sought in the offer; and (4) that dissemination of the tender offer, if required by the home jurisdiction, is provided to U.S. securityholders on a comparable basis.

With respect to the registration of exchange offers for a foreign issuer's securities under the Securities Act, the two procedures have been proposed. The first is an exemptive rule that would permit an exchange offer to proceed in the United States without registration so long as the aggregate dollar value of the securities offered for exchange in the United States is $5 million or less. Debt securities issued pursuant to this exemption would be exempt from the requirements of the Trust Indenture Act of 1939. And second, registration under the Securities Act on the basis of the disclosure documents prepared in accordance with the registration requirements of the foreign target company's home jurisdiction would be provided. The proposed registration process would be available where five percent or less of the foreign target's securities prior to the exchange offer is held by U.S. holders (excluding U.S. holders of more than 10 percent) and the issuer is listed on a designated market, with a listing history. These conditions include the requirement that an offeror (whether a third-party bidder or issuer) is a foreign private issuer, has made an initial submission pursuant to Rule 12g3-2(b) of the Exchange Act on or before the filing of the Form F-12, has a class of equity securities listed or traded on a "designated offshore securities market" within the meaning of Regulation S for the 36 months immediately preceding the offering, and is currently in compliance with the applicable listing and reporting requirements of the designated offshore securities market at the time of the exchange offer, or alternatively, has a 36-month operating history and a public float of $75 million. Proposed Form F-12 also would be available for the registration of securities to be issued in a merger, arrangement or other similar business combination.

The proposed rules, forms and order would permit single-jurisdiction regulation with respect to both the tender offer and registration requirements, so that multijurisdictional cash tender offers, exchange offers and business combinations may be made more efficiently and at less expense. The regulatory authorities of the target company's jurisdiction would be responsible for establishing the applicable disclosure standards for any of the above offers. As a general rule, the Commission would not expect the documents submitted or filed with the Commission to be reviewed by the staff; such review, if any, would be left to the foreign target company's jurisdiction.

Continuous disclosure requirements under the Exchange Act as a result of the registration of securities on proposed Form F-12 would be suspended.

As proposed, the tender offer exemptive rules, Rule 802 and Form F-12 would not be available for the securities issued by an investment company that is registered or required to be registered under the Investment Company Act of 1940.

The Commission also proposed to formalize the accommodations arrived at with the United Kingdom's Panel on Take-overs and Mergers to permit tender offers for securities of a U.K. chartered company that is a foreign private issuer to be conducted pursuant to the requirements of both the Williams Act and the City Code. The proposed exemptive order would allow these offers to be conducted simultaneously in the United States and the United Kingdom without the need for case-by-case relief from certain provisions of U.S. law as currently has been the practice. The offering circular would be

prepared according to the requirements of the City Code and would be filed with the Commission and incorporated by reference to satisfy the U.S. requirements, thus allowing bidders for a United Kingdom company subject to the City Code to conduct the tender offer in the United States in accordance with the Commission's tender offer rules on the basis of the U.K. offering document.

Age of Financial Statements

On June 5, 1991, the Commission proposed rule amendments to facilitate registration of securities by foreign private issuers. The proposed rule amendments relate to the age of financial statements included in registration statements and to financial statement updating requirements, and are intended to better accommodate updating practices in foreign jurisdictions.

To facilitate offerings and reporting by foreign issuers that are not otherwise subject to quarterly reporting, the proposed rule would permit such issuers to provide audited fiscal year financial statements within six months following the end of the fiscal year and unaudited interim financial statements within four months following the end of the semi-annual interim period.

Stabilization and Other Control Over Dealings

In January, 1991, the Commission proposed amendments to Rule 10b-7, which regulates stabilizing the price of any securities for the purpose of facilitating an offering. This proposal is significant in its recognition of foreign regulation as a substitute for U.S. regulation in certain instances.

1. For foreign securities, the stabilization price would be determined with reference to the principal market for the security. If that market is in the United States, then stabilizing levels would be determined in the same manner as a domestic security. If the principal market is outside the United States and is a "specified foreign securities market" (as proposed to be defined), stabilizing levels would be determined by applying the requirements of Rule 10b-7 to that market's price. If the principal market for a foreign security is not a specified foreign securities market, then stabilizing would be required to be conducted as if the principal market were in the United States. However, the rule would continue to require that once a security opens for trading in the United States, stabilizing levels must be determined with reference to the price of the security on the principal U.S. market.

2. Stabilizing transactions effected outside the United States would be permitted if they are subject to foreign regulations that are comparable to the provisions of 10b-7, and procedures exist that enable the Commission to obtain information concerning foreign stabilizing transactions. However, no stabilizing transactions may be effected in the United States or at a price above the price at which the securities are currently being distributed in the United States. The proposal would authorize the Commission to identify foreign regulations that are comparable based on the purposes of which stabilizing activity is permitted, the limitations on stabilizing levels, control of stabilizing activity, and adequate disclosure and recordkeeping of stabilizing activity. Initially, it is proposed that the U.K. Securities and Investment Board rules regarding stabilization be recognized as comparable.

3. The Commission's proposal also would codify previous exemptions and no-action positions permitting stabilization bids expressed in a currency other than that of the principal specified foreign securities market to reflect the relevant exchange rate. This stabilizing bid need not be reduced after a change in the exchange rate unless it would exceed the stabilizing bid in the principal market by one trading differential in the principal market. Stabilizing bids may be adjusted to reflect a change in the relevant exchange rate.

In April, 1991, exemptions were granted from Rules 10b-6, 10b-7, and 10b-8 to permit offshore trading activities during distributions of foreign securities in the United

States to institutions in transactions exempt from registration under the Securities Act of 1933. For both rights offerings and offerings made pursuant to Securities Act Section 4(2) or Regulation D ("exempt offerings"), certain general conditions apply: (i) the foreign securities' principal market must be outside the United States; (ii) the trading activities must be effected outside the United States ("non-U.S. transactions"); (iii) the equity of the issuer of the foreign securities must have an aggregate market value of at least U.S.$150 million; (iv) the exemptions are not available to issuers and issuer affiliates; and (v) notice of reliance on the exemptions must be provided to the Commission's Division of Market Regulation.

1. The exemptions from Rules 10b-6 and 10b-7 permit non-U.S. transactions during exempt offerings of foreign securities qualified under Rule 144A made to qualified institutional buyers. The non-U.S. transactions must be effected on the London Stock Exchange, or on the Montreal, Paris, Tokyo, or the Toronto Stock Exchanges, and the issuer must have an operating history of at least three years.

2. The exemptions for rights offerings permit non-U.S. transactions in foreign securities during the period when rights or the new securities are being offered or sold in the United States to institutional accredited investors. The subscription price of the new securities must be discounted at least eight percent from the market price of the outstanding securities in the principal market. The underwriters must promptly notify the Division of Market Regulation if the discount becomes less than eight percent during the distribution. The exemptions are not available for any distribution of new securities remaining unsubscribed after expiration of the rights.

American Depositary Receipts

On May 23, 1991, the Commission issued a release announcing the possibility of future action with respect to American Depositary Receipts, or ADRs, and soliciting information and public comment regarding the functions and characteristics of the ADR market. The release requests public comment on the following issues.

(a) Regarding the registration process for ADRs, the release requests comment on: (1) whether the substantive disclosure required by the registration form for ADRs is sufficient for the protection of investors, (2) whether depositaries, the issuers of the deposited securities, or both should be required to assume responsibility for the disclosures in such a registration statement and accept certain liabilities under the Securities Act, and (3) what information investors should receive or have access to in connection with purchases of ADRs, and which market participants should be responsible for the provision of such information.

(b) With respect to the Exchange Act treatment of ADRs, the release requests comment on whether the reporting exemption applicable to non-listed ADRs should be extended to listed ADRs or whether the exemption for non-listed ADRs should be eliminated. If periodic reporting is required, the Commission asks whether depositaries, issuers of deposited securities or some other persons should be responsible for compliance, and whether different reporting requirements should be applicable to sponsored and unsponsored facilities.

(c) Concerning duplication of ADR facilities, the Commission solicits comment on what constitutes non-fungible ADRs, the consequences to the market of the development of non-fungible ADRs for the same deposited security, and the responsibilities of depositaries, market intermediaries, the Commission, and self-regulatory organizations in dealing with non-fungible securities.

(d) The Commission also requests comment on whether the Commission should regulate the operations or practices of ADR depositaries.

APPENDIX A

RECOMMENDATIONS OF THE 1989 REPORT

1. Disclosure/Harmonisation

(a) Efficiency of the capital raising process would be greatly enhanced by permitting issuers to prepare one disclosure document for use in each jurisdiction in which it chooses to sell securities. There appear to be several options to reaching that goal:

- Standards could be harmonised among jurisdictions
- Jurisdictions could accept the disclosure document prepared in accordance with the home country (predominant market) requirements. This may prove more feasible for jurisdictions whose requirements, while not the same, are sufficiently based on the same model with the same regulatory purpose to be deemed to provide investors with adequate disclosure.

It is recommended that regulators be encouraged, where consistent with their legal mandate and the goal of investor protection, to facilitate the use of single disclosure documents, whether by harmonisation of standards, reciprocity or otherwise.

(b) A critical factor in the evolution of reliance on a single disclosure document is the acceptability of financial statements in multiple jurisdictions. Development, or recognition, of adequate internationally acceptable accounting, auditing and independence standards would greatly facilitate the development of the use of a single disclosure document. The recommendations of IOSCO Working Party No. 2 will be an important contribution to the development of these standards.

It is recommended that timeliness and the period of financial reporting should either be harmonised or accommodations made to foreign issuers.

2. Continuing Obligations

The Working Party acknowledges the importance of providing information to investors (including all existing shareholders) on a continuing basis. There are major differences in continuing obligations imposed on companies by regulatory authorities in the major capital markets. These differences have developed out of local legal and regulatory practices, markets trading systems and attitudes towards disclosure, although they are being eroded to some extent by the pressures of globalisation of securities markets.

It is recommended that a study be made of the annual information which could be accepted by regulatory authorities as a reference document for a prospectus when listed or reporting issuers proposed to issue and market, on a multinational basis, new securities. This study will complement the efforts of Working Party No. 2 and will promote the adequacy of information given to shareholders on an annual basis by the companies listed or reporting in more than one jurisdiction.

3. Coordination of Timetables

An optimum level of efficiency in the capital raising process would be for issuers to be able to access the market on-demand. Listing procedures, registration requirements and other clearance processes together with differing offering and underwriting procedures, are all factors that affect the timing of selling securities.

It is recommended that listing, registration and other clearance procedures be reviewed with a view to minimising the delay in sales of securities where consistent with regulatory goals. For example, shelf registration,

that makes use of periodic reporting such as exists in Japan, France and the United States, could be explored.

It is also recommended that regulators should examine their review and clearance procedures to determine the potential for coordination with other regulatory organisations to facilitate the processing of multi-jurisdictional offers.

It is further recommended that fuller study be carried out to determine how issue and underwriting timetables and practices can be harmonised.

It is recommended that a study be made of the annual information which could be accepted by regulatory authorities as a reference document for a prospectus when listed or reporting issuers propose to issue and market, on a multinational basis, new securities. This study will complement the efforts of Working Party No. 2 and will promote the adequacy of information given to shareholders on an annual basis by the companies listed or reporting in more than one jurisdiction.

4. Stabilisation and Other Control Over Dealings

Study of stabilisation and other controls over dealings and similar areas of activity within the framework of the primary international capital markets has shown significant differences between jurisdictions. In addition, the extra-territorial application of certain domestic statutory provisions (for example, stabilisation) has given rise to considerable concern and confusion.

It is recommended that further study is undertaken to determine whether practice relating to these topics in the primary markets can be more closely aligned in order to eliminate uncertainties where possible.

It is further recommended that regulators codify the principles they have developed in individual circumstances to limit the extraterritorial application of domestic statutory and regulatory provisions in order to accommodate market structures and authorised market practices in foreign jurisdictions relating to these topics.

5. Private Placements and Restrictions on Resale

In view of the multitude of concepts and broad definitions of those issues that constitute a public offer and those that are viewed as non-public or private placements, the Working Party has not attempted to put forward any recommendation as to the standardisation of the definition of what constitutes a private or public offer. The definition raises fundamental jurisdictional issues. Additionally, significant difference exist in the capital markets in the restrictions on resales of privately placed securities.

It is recommended that further study be made of the potential for a greater degree of standardisation between the major capital markets on the restrictions on resale applied to securities which have been sold as part of a private or unregistered offer.

6. Annual Survey

For future study of multinational offers by IOSCO, two recommendations are made:

It is recommended that, in addition to the foregoing studies, an annual survey be undertaken of the changes which could affect multinational offers which have been made in each participating jurisdiction.

It is recommended that, by May of each year, each jurisdiction represented on the Technical Committee produce a summary of such changes so that the Working Party can prepare its annual report for distribution at the next annual conference of IOSCO. This is intended to be an annual update of information in Appendix C (i.e., to the 1989 report).

APPENDIX B

SUMMARY TABLES

TABLE A - Prospectus Requirements for Financial Statements

This table, summarizing the financial statement requirements for prospectuses in the participating jurisdictions, replaces Table A on page 18 of the 1990 report.

Country	No. of years Annual Audited financial statements	Max. period since last balance sheet date	Reconciliation to local standards	
			Auditing	Accounting
Australia	5	6 months	NO (1)	NO (1)
Canada	5 (2)	120 days	NO	YES
France	3	9 months	NO (3)	NO (3)
Germany	3	18 months	NO	NO
Hong Kong	5 (4)	6 months	NO (1)	NO (1)
Italy	3	9 months	NO (5)	YES (5)
Japan	2 (6)	6 months	NO	NO
Luxembourg	3	9 months	NO (1)	NO (1)
Netherlands	3	9 months	NO	NO
Spain	3	6 months	NO	NO (7)
Sweden	5	6 months	NO	NO
Switzerland	1	12 months	NO	NO
United Kingdom	3	6 months (8)	NO (1)	NO (1)
United States	3 (9)	6 months	- (10)	YES

NOTES

(1) Must be prepared and audited to internationally acceptable standards.

(2) Waiver to permit 3 years normally granted.

(3) Where the format and content of financial statements of a foreign issuer differ materially from those of a French issuer, the COB may require explanatory comments and a translation into French; the statements and comments then must be reviewed by a French auditor.

(4) 5 years for the results, but only the latest year for the balance sheet.

(5) Explanation required for practices which, unless exemption granted, are not equivalent to local standards. Local auditor must declare equivalence of auditing standards with those adopted in Italy; if foreign accounting principles deemed by CONSOB to differ from internationally accepted standards, explanations are required.

(6) 3 prior years (unaudited) required for registration statement in the case of initial public offerings.

(7) Important accounting figures might have to be reconciled with Spanish accounting standards or explanation and evaluation of discrepancies given.

(8) 12 months in the case of certain foreign issuers with a primary listing outside the United Kingdom.

(9) Must include 5-year trend information for certain financial items.

(10) Accounts must be audited in compliance with U.S. auditing standards.

TABLE B - Review and Clearance Procedures

This table, summarizing review and clearance procedures for prospectus documents in the participating jurisdictions, replaces Table B on page 19 of the 1990 Report.

Country	Filing of Prospectus	Period Clearance	Listing Review
Australia	YES	14 days (1)	2-4 weeks
Canada	YES	10-days - 1 month + (1) (2)	2-4 months
France	YES	25 days (COB) 2 months (Ministry of Finance) (3)	Covered within registration review period
Germany	YES	(No review - filing only)	3-5 weeks
Hong Kong	YES	21-40 days	1-3 months
Italy	YES	Average 40 days (1)	Up to 6 months
Japan	YES	Up to 15 days	Up to 6 months (4)
Luxembourg	YES	Generally 2-6 weeks	Generally 2-6 weeks
Netherlands	YES	(No review - filing only)	1-2 weeks
Spain	YES	Average 30 days	1-2 weeks
Sweden	NO	N/A	1-2 months
Switzerland	NO	N/A	4-6 weeks
United Kingdom	YES	(No review - filing only)	2-4 weeks
United States	YES	Average 30 days (5)	4-6 weeks

NOTES:

(1) Review process will usually be quicker for issuers who have securities already registered.

(2) Shorter period applies to prospectus filed with only one provincial securities commission.

(3) The French Ministry of Finance must approve initial offers by foreign issuers who are not domiciled in the EC or the OECD; further offers of the same class of security do not need further approval.

(4) Includes preparation of prospectus and translation into Japanese.

(5) Period from filing to the issuance of a letter requesting amendment. Repeat issuers may not be reviewed, in which case a letter advising that the filing will not be reviewed is issued and registration statement becomes effective in less than 10 days. Shelf registration statements not subject to prior review in connection with each tranche.

TABLE C - Continuing Obligations

This table, summarizing continuing disclosure obligations of companies listed or reporting in the participating jurisdictions, replaces Table C on page 20 of the 1990 Report.

Country	Filing deadline (1) for annual financial statements	Interim Statements Frequency	Interim Statements Deadline	Insider Reports	Material change Reports
Australia	120	S	90	No	Yes
Canada	140	Q	60	Yes	Yes
France	180 (2)	S	120	Yes	Yes
Germany	90-150 (3)	S	60	No	Yes
Hong Kong	180 (4)	S	120	No	Yes
Italy	- (5)	S	120	No	Yes
Japan	6 months (6)	S	3 months	No	Yes
Luxembourg	- (7)	S	120	No	Yes
Netherlands	270	S	120	No	Yes
Spain	210	Q	60	Yes	Yes
Sweden	180	S	60	Yes	Yes
Switzerland	170	N/A	N/A	No	Yes
United Kingdom	180	S	120	Yes	Yes
United States	90-120 (8)	Q (9)	45	Yes (10)	Yes (10)

NOTES:

(1) In days after close of fiscal year.

(2) An unaudited provisional version must be published within 120 days.

(3) The general requirement is 90 days. The requirement for consolidated statements is 150 days.

(4) No less than 21 days before annual meeting nor more than 6 months after the year end.

(5) Not more than 30 days after annual meeting.

(6) 3 months for domestic companies.

(7) For foreign listed companies as soon as possible following publication. Luxembourg companies must file within 1 month of annual report being approved by the annual meeting.

(8) 180 days for foreign private issuers.

(9) Not required for foreign companies, but U.S. exchanges require semi-annual statements.

(10) Not required for foreign private issuers.

APPENDIX C

CHARACTERISTICS OF PRIVATE PLACEMENTS IN MAJOR CAPITAL MARKETS

This Appendix, updating Appendix C of the 1990 Report, is a summary of the key characteristics that can be used to establish the demarcation between public offers and private placements of equity securities in the capital markets of the countries listed below. The Appendix describes the restrictions which apply in come of those countries to securities which have been offered by way of private placement. The countries are:

Australia	Hong Kong	The Netherlands	United Kingdom
Canada	Italy	Spain	United States
France	Japan	Sweden	
Germany	Luxembourg	Switzerland	

AUSTRALIA

The Corporations Law of Australia, effective since 1 January 1991, has removed the distinction between "private offers" and "offers to the public" as the basis for the regulation of offers of securities. The Law now requires that every offer or invitation to subscribe for or purchase the securities of a corporation be on the basis of a duly lodged, and where necessary, registered prospectus unless that offer or invitation is an excluded offer or invitation, or unless the issuer is otherwise exempted from compliance with the Law.

As to the definition of "excluded offer or invitation," see page 5 of the report under the sub-title Factors precipitating a public offer.

No prospectus is required for the purpose of trading in issued shares that are quoted on the Australian Stock Exchange.

CANADA

Ontario law does not expressly recognize a distinction between public and private offers, the registration requirements apply to both public and private distributions. Various exemptions from registration are available, however, depending on such factors as a small number of purchasers, sophistication of the purchaser, and a high aggregate cost to the purchaser of the securities. Other relevant factors to be considered are the nature of the relationship between the offerees and the issuer, the type of securities distributed, and the manner of the distribution. Sales to institutional investors and to individuals who purchase at least $150,000 of securities are exempt. Exemptions also exist for sales to employees and distributions to shareholders of stock dividends. An offering memorandum which sets out prospectus level disclosure regarding the issuer and the offer is used when making sales pursuant to the "seed capital" or "government incentive security" exemption. Unless an exemption is available, a take-over bid circular containing prospectus disclosure regarding the securities of the offeror must be delivered in connection with a share exchange take-over bid. In other exemptions, there are no formal disclosure requirements.

When a tranche of securities is offered privately in Canada as part of an international equity offer, a wrapper is generally placed around the foreign prospectus which is used as the offer memorandum. In any case where an offer memorandum is used, purchasers must be given contractual rights of action for rescission and damages arising out of any misrepresentation contained in the offer memorandum. Sales pursuant to exemptions, analogous to a private placement exemption, generally result in restrictions on further sales; usually a six to eighteen month holding period and the establishment of a

reporting history for the issuer. Transfers pursuant to an exemption are allowed, but the securities retain any restrictions, with any applicable holding period beginning anew. Restricted securities may be distributed pursuant to a prospectus and thereby shed any restrictions. Listing the securities may result in a shortening of the applicable holding period.

FRANCE

France recognizes a distinction between public offer and private placements. Article 6 of Ordonnance 67-833 of 28 September 1967, applies only to public offers. Criteria set out in the Company Act of 1966 to determine whether an offer is public or private include admission to the official list or the second market, employment of intermediaries or canvassing to place the securities, or advertising or other publicity to promote the offer. Although a listed company can make a private placement that need not be registered, the presence of any of the other criteria will conclusively indicate a public offer that requires registration. The list is not exhaustive, however, and the COB will deem any offer to be public if it results in a direct or indirect distribution to 300 or more members of the public. Issuers may seek advice from the COB as to whether a particular offer would be public or private. Foreign issuers who are not members of the OCCD, however, must secure the approval of the Minister of Finance for any offer.

Offers to 500 or fewer employees, banks who do not redistribute the securities, and secondary offers by non-affiliates are also exempt from the registration requirements. There is no exemption for sales to sophisticated investors. EC Regulation 89/298, which is presently under consideration by the member states of the European Community, empowers the COB to control secondary issues using the same criteria as those applicable to public offers.

Approximately 25 to 45% of all offers of securities in France are registered public offers, while the remainder are unregistered private offers. In 1987, due to privatizations, 75% of all equity offers in France were public. All offers of debt securities in France are also public offers.

The regulatory system of France does not place any restrictions on the resale of securities be persons not affiliated with the issuer.

GERMANY

Germany does not recognise a legal distinction between public offers and private placements, or the concept of restricted securities. Offshore offers are not subject to any regulation.

HONG KONG

Offers of securities that are deemed not to be made to the public (or any section of the public) are not regulated by the prospectus rules or any other provision of the Companies Ordinance. However, such offers are regulated by the anti-fraud provisions of the Protection of Investors Ordinance, which applies to a very broad range of offers. The matter of whether an offer is made to the public is subject to interpretation depending on the facts and circumstances of each case. While offers to existing share or debenture holders of a company may be deemed to be made to the public, there exists a blanket exemption for offers not calculated to become available to the public. Thus a private company may offer further shares to its shareholders without registration.

Registered dealers may undertake resale of unregistered securities only on a one-to-one basis in the market. Otherwise, they must provide a short form prospectus. There are no resale restrictions for other sellers of unregistered securities.

ITALY

There is an unrestricted market for privately placed, unlisted securities in Italy. These offers are not subject to regulation by Consob or any other regulatory authority. Private placements include those involving no "solicitation of the investing public." "Solicitation of the investing public" includes any public announcement of an issue; any purchase or sale by means of a public offer, any offer for public subscription, any public exchange offer, any form of public offer or placement whether door-to-door, through the media, or any advertisement offering information or advising the investing public regarding any kind of security to be issued or as to which there is no prospectus, except for listed securities. Specifically exempt are offers:

- to institutional investors only;
- of all or a controlling interest in the share capital of a company to one person; and
- made at auction sales due to bankruptcy and similar judicial proceedings.

There are no restrictions on resale of securities other than those mentioned above in connection with a solicitation of the investing public.

Although offers of securities privately placed in Italy are not subject to comprehensive regulation in Italy, the new law on the regulation of securities investment business and provisions on the organization of the securities markets (January, 1991) provide that professional activity of underwriting and distribution of securities can only be carried out by authorized intermediaries.

These intermediaries must comply with the conduct of business rules issued by the Consob, such as rules dealing with conflicts of interest and equal treatment of customers. They must also have knowledge of the economic and financial situation of the issuer in order to inform their customers of the nature of the transactions and the risks they may incur. The authorized intermediaries are not compelled to apply some of the above rules when their customers are qualified investors or they operate with other intermediaries.

JAPAN

Japan recognizes a distinction between public offers and private placements. Generally, the practical consequence of an offer being deemed "public" is that it must be registered prior to sale of the subject securities, while a "private" offer need not be registered. An offer is generally deemed public if the number of offerees is around 50 or more, including employees and existing shareholders, or the size of the offer amounts to ¥ 500 million or more. There is no concept of exempt sales to sophisticated or wealthy investors.

Resales by the original holder of unregistered securities (*i.e.*, privately placed securities) are not generally restricted in Japan. Restrictions may arise in connection with the sale of privately placed securities issued by non-residents, in which case resales may not occur without limitation until the passage of holding period, which is normally two years.

Depending on whether the private placement is on a "primary" or "secondary" market basis, different regulations apply. The placement of a new issue of securities is treated as on a primary basis whereas placement of securities already in issue is treated on a secondary basis.

In primary market placements the number of offerees is limited to less than 50 institutional investors such as financial institutions and insurance companies and less than ¥ 100 million. These institutions, upon subscription, are required to submit an investment letter to the Ministry of Finance representing that their purchase is for investment purposes.

The issuer is required to file prior notification with the Bank of Japan pursuant to Foreign Exchange and Trade Control Law. Such notification is not burdensome in that the principal items to be disclosed are details of the issuer and the final terms and pricing of the issue. Similarly, the required investment letter is a simple statement of investment intention and undertaking on resale.

Secondary market placements, however, do not require any prior notification and the securities may be placed with a much broader customer base comprising a wider category of institution, employees and existing shareholders. Again, offerees are limited to 49 in number if uniform terms of purchase (*i.e.*, fixed selling price) are set.

If more than 49 offerees are contacted, the offer is deemed to constitute a public offer requiring compliance with Japanese Securities and Exchange Law. There is no concept of exempt sales to sophisticated or wealthy investors.

In addition, since Japanese non-financial institutions and individuals are prohibited from transacting directly with foreign securities firms, sales by foreign issuers must be channelled through Japanese securities firms. These include foreign owned registered in Japan.

LUXEMBOURG

The registration and prospectus requirements in Luxembourg apply only to public offers and listing applications. As a result, private placements are exempt from the registration and prospectus requirements. As there is no legal definition of the term "public offer," the public or private character of an offer must be determined pragmatically. Administrative interpretation holds that, with limited exceptions, publication of announcements in the press or on radio or television constitutes prima facie evidence that the offer is public. An offer will conclusively be deemed public if an advertisement refers to characteristics of the proposed transaction, such as the amount of securities offered, their selling price, the period during which the offer is valid, and refers to establishments which will provide further information. One exception to the rule against advertising private placements is the release of information to the press or publication to a tombstone advertisement after the transaction has been consummated.

Other factors that may indicate whether an offer is public do not necessarily constitute determining evidence. If a prospectus or other document is made available publicly or mailed to a large number of persons, a public offer may result. However, private communications between a bank and its pre-existing portfolio management clients will not imply the presence of a public offer. Because the registration and prospectus requirements apply to all offers to the public, public resales of privately placed securities or the public sale of shares in a privately held company may not be advertised without registration.

THE NETHERLANDS

Private placements or non-public offerings of securities are not regulated in the Netherlands. A public offering can generally be described as an issuance of securities outside a "limited group" of such issuer and/or to persons dealing or investing in securities professionally. The resale of privately placed securities is considered a public offering, if such specific class of securities was previously not available outside the limited group of the issuer. Resales addressed to professionals are not public offerings. To meet the qualification of a limited group, the following criteria should be satisfied: (i) the group must be limited in size and clearly defined; (ii) in addition to the financial relation between the issuer and the offerees, other ties are required; and (iii) the offer must clearly emphasise that it is only addressed to a limited group. The Ministry of Finance (to be succeeded by the Securities Board of the Netherlands), respectively the Dutch Central Bank with regard to the issuance of units or shares by investment institutions, determine on a case-by-case basis whether one can speak of a limited group (*e.g.*, an ESOP would generally be considered as an offer to a limited group).

A public offering of securities requires an issuer, which is not an investment institution, to draw up a prospectus in accordance with the relevant Rules of the Amsterdam Stock Exchange respectively with the OTC prospectus requirements as set forth in the Securities Trading Decree. The prospectus requirements for public offerings of investment institutions are codified in the Rules under the Investment Institutions Supervision Act.

SPAIN

The registration and prospectus requirements apply only for public offers and listing particulars. The distinction between public and private offers depends on the number of persons to whom an offer is directed and on the amount of Pesetas of the offer. Although there is not yet a legal regulation (although this in process) for distinguishing between private and public offers, the practical criteria actually applied for determining that an offer is private are the following:

- It must be directed to less than 100 individual persons;
- It must be directed to less than 50 professional or institutional investors;
- The total amount offered must be less than 500 million Pesetas;
- The minimum price of each security unit offered must not be over 25 million Pesetas; and
- No public advertisements nor any kind of publicity through newspapers, radio, TV, telephone or any type of direct marketing is allowed.

SWEDEN

Under the Companies Act, an offer to the public of a value less than one million kroner is exempt from the requirement to publish a prospectus. Offers of more than one million kroner also are exempt from prospectus requirements if make to fewer than 200 persons.

SWITZERLAND

Most offers of securities in Switzerland take the form of private placements of corporate debt. Private placements include those involving no listing on any of the stock exchanges. A significant market exists in foreign notes (governmental and private), which generally have maturities of 18 months to eight years (as distinct from eight to twelve years for listed bonds).

Prior to April 9, 1987, private placements were not subject to the regulations concerning prospectuses for public offers. Since that date, by agreement among members of the Swiss Bankers Association (Convention XIX), offers by foreign debtors of unlisted notes in denominations of SFR. 50,000 or more must be the subject of a prospectus complying with the requirements set out in Convention XIX. The requirements are about the same as those concerning the prospectus for a public offer. In addition, disclosure beyond that set forth in the Code is required regarding such matters as the terms of the offer, any applicable credit ratings and the recent financial performance of the issuer. The prospectus is available for delivery upon request to prospective investors, but is not published in the media.

Neither Swiss federal or cantonal law nor exchange regulations provide for any resale restrictions on privately placed or unlisted securities. Any such restrictions arise only as a matter of contract.

Privately placed notes with a minimum denomination of SFR. 50,000 are accorded identical treatment to bonds in all respects with the exception that the prospectus for a private placement may not be published and the note may not be listed on a Swiss Exchange. Privately placed notes with a denomination of less than SFR. 50,000 are treated like bonds.

UNITED KINGDOM

In the case of foreign issuers, the Companies Act 1985 contains an exemption from its prospectus provisions for offers made in the United Kingdom to persons whose business it is to buy and sell securities, whether as principal or as agent. This is the manner in which most eurobond offers are made. Resales of privately placed securities must be made with similar limitations, for example, to professional investors, otherwise the disclosure requirements of the Companies Act 1985 would become applicable. There are no other restrictions on the resale of such securities.

There is no such exemption for offers by United Kingdom issuers. When Part V of the Financial Services Act 1986 (the "1986 Act") comes into effect, it is anticipated that rules made by the Secretary of State will contain appropriate exemptions for private placements both by United Kingdom issuers and overseas issuers.

In the case of securities which have been admitted to listing on the ISE, there are no restrictions on resale by existing holders other than regulation of advertisements inviting persons to enter into an agreement relating to an investment. Any such advertisement must be approved by a person authorised under the 1986 Act to carry on investment business and must comply with the rules of the organisation by which that person has been authorised. Such rules contain general requirements as to disclosure of material facts, compliance with which must be checked by the authorised person.

In the case of securities which are not to be admitted to listing on the ISE or any other approved exchange, a person who has acquired the securities from the issuer, or the controller of such person, with a view to issuing such an advertisement in respect of them, must comply with the requirements of rules made under Part V of the 1986 Act. There is a presumption that a person acquires securities in these circumstances if an advertisement is used within 6 months after the issue of the securities. If these provisions

are applicable, then the legal provisions governing "investment advertisements" referred to above may apply.

UNITED STATES

The Federal securities laws recognize a distinction between public offers and private placements. The registration provisions do not apply to transactions by an issuer not involving a public offer, though the anti-fraud provisions of the Federal securities laws do apply to private offers. Factors which will tend to indicate whether an offer is private include the number of purchasers, the sophistication of the purchasers, the absence of advertising or general solicitation activities, the purchasers' access to the kind of information which registration would disclose about the issuer and the securities, and the absence of an unregistered redistribution of the securities.

The Federal securities laws recognizes the concept of an accredited investor. Certain institutional investors, insiders of the issuer, and individuals whose net worth is more than $1 million or whose annual income is more than $200,000 are accredited investors. The requirements to supply information to offerees are relaxed when an issuer sells securities to accredited investors in an offer exempt from registration under Regulation D.

Rule 506 of Regulation D provides a non-exclusive safe-harbor exemption from registration for private placements. Under the Rule, an offer of an unlimited dollar amount of securities to an unlimited number of accredited investors plus up to 35 other sophisticated investors will be deemed to be a private placement if several conditions are met. The conditions include limitations on the manner of offer and on resale, and, where the offer is made to persons other than accredited investors, the furnishing of specified financial and other information about the issuer to purchasers. Regulation D also contains Rules 504 and 505, which exempt from registration offers not exceeding $1 million and $5 million respectively if specified conditions on the manner of the offering, nature of the purchasers, the imposition of resale restrictions and the furnishing of specified information are satisfied. An exemption for certain offers and sales of securities to employees and consultants is provided by Rule 701.

The Federal securities laws contain several other exemptions from the registration requirements. Some of the exemptions are for particular securities, such as securities issued or guaranteed by the United States government or a U.S. bank. Other exemptions apply to particular transactions, such as those not involving the issuer, the underwriter or a dealer, broker-dealer transactions, and certain exchanges of securities by an issuer with its existing holders of securities.

Securities acquired directly or indirectly from the issuer or an affiliate of the issuer in a transaction or series of transaction not involving a public offer are restricted and may not be resold without registration or an exemption from registration. Rule 144 is a non-exclusive safe-harbor exemptive rule that sets out procedures which may be followed to ensure that the seller will not be deemed to be an underwriter and that the exemption from registration for transactions not involving an issuer, underwriter or dealer is therefore available. Restrictions on resale generally last three years for persons not affiliated with the issuer.

Rule 144A, adopted in April, 1990, affords another safe-harbor exemption from registration for resales of restricted securities. The Rule is available for the resale of unregistered securities to "qualified institutional buyers" ("QIBs") provided that such securities are not, at the time of issuance, listed on a U.S. stock exchange or quoted on the National Associations of Securities Dealers Automated Quotation System ("NASDAQ"). In most cases, QIBs are institutions that own or manage at least $100 million in securities. Registered broker-dealers qualify as QIBs if they own or invest on a discretionary basis at least $10 million of securities of unaffiliated issuers or act in riskless principal transactions on behalf of QIBs. Banks and savings and loan associations, in addition to meeting the

$100 million test, must also have a net worth of $25 million to be eligible for QIB status. Sellers must notify buyers that them may rely on the exemption provided by the rule. Sellers and offerees must have the right to obtain information concerning the issuer if the issuer is not subject to periodic reporting requirements in the US, is not exempt pursuant to Rule 12g3-2(b) and is not a foreign government issuer.

Regulation S, also adopted in April, 1990, codifies the position that the registration requirements of the Securities Act of 1933 do not apply to offerings outside the United States. The new regulation contains a general statement to this effect and two safe-harbor provisions, one for issuer offerings and one for resales, for demonstrating that an offer and sale are outside the US. Both provisions, which are non-exclusive, require an "offshore transaction" relative to the US and forbid directed selling efforts in the US. Additional requirements may apply to primary offerings depending on market interest in the US, the status of the issuer under US periodic reporting requirements, and the manner of offerings, and the resales by specified persons.

APPENDIX D

MEMBERS OF WORKING PARTY NO. 1

Mr. John Rutherford	Australian Securities Commission
Mr. Claude Lempereur	Commission Bancaire et Financière, Belgium
Ms. Pamela Hughes	Ontario Securities Commission
Mr. Donat Branger	Commission des Operations de Bourse
Dr. Albrecht Burger Mr. Michael Radtke	Federation of German Stock Exchanges
Mr. Stephen Leung Mr. Ermanno Pascutto	Securities and Futures Commission, Hong Kong
Mr. Carlo Biancheri	Commissione Nazionale per le Società e la Borsa
Mr. Masayuki Wakasa	Ministry of Finance, Japan
Mr. Charles Kieffer	Ministère du Tresor, Luxembourg
Mr. Wietse de Jong	Securities Board of the Netherlands
Mr. Rainer Fuchs	Amsterdam Stock Exchange
Mr. Rafael Sánchez de le Peña	Comisión Nacional del Mercado de Valores, Spain
Mr. Michel Y. Dérobert	Association des Bourses Suisses
Mr. Stewart Douglas-Mann Mr. Patrick Morton	The London Stock Exchange
Ms. Barbara Muston	Securities and Investment Board
Ms. Linda C. Quinn (Chairman)	U.S. Securities and Exchange Commission

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