INTERNATIONAL EQUITY OFFERS
CHANGES IN REGULATION SINCE APRIL, 1994

ANNUAL SURVEY REPORT OF
IOSCO WORKING PARTY NO. 1

CONTENTS

September, 1996

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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 Part 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.

Regulatory changes that became effective or that were proposed since April 30, 1994, 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
Requirements for reports by insiders and reports of material changes

In particular, descriptions of any new concessions granted to foreign issuers.

Restrictions applying to private placement

Factors precipitating a public offer
Documentation for private placements
Restrictions on resale

Stabilization and other controls on dealings

Any other issues bearing on international equity offers

Survey participants

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

II. DETAILED CHANGES SINCE APRIL, 1994 (INCLUDING PROPOSED CHANGES)

AUSTRALIA

Regulatory Requirements for Public Offers

Prospectus Requirements

The Corporate Law Reform Act 1994 discussed below, extended the life of a prospectus from 6 months to 12 months.

Foreign Collective Investment Schemes

The following foreign collective investment schemes have been granted exemptions in accordance with Policy Statement 65 from compliance with certain prospectus requirements of the Corporations Law:

(a) a scheme involving:
(i) unit trusts as defined in s2 of the Unit Trusts Act 1960 (NZ); or
(ii) the issue of participatory securities as defined in s2(1) of the Securities Act 1978 (NZ) that invests primarily in market traded securities (as defined in para 13(h) of Policy Statement 65);
and which provides a buy-back or redemption facility and a reasonable period of notice for the exercise of such a facility, the terms of which are set out in the scheme's constituent documents.

The trust deed of these schemes must be approved by the Registrar or District Registrar and a copy lodged with the District Registrar of Companies under s8 and 9 of the Unit Trusts Act 1960 (NZ).

Effective 21 August 1995

(b) a scheme declared by the Guernsey Financial Services Commission to be an authorized collective investment scheme, Class A1, under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law 1987.

Effective 1 July 1996

Continuing Reporting Obligations

The most substantial regulatory change occurred in the area of continuous disclosure with amendments to the Corporations Law made by the Corporate Law Reform Act 1994. These changes potentially may apply to some foreign companies - i.e., those who have offered securities via a prospectus lodged in Australia. Unless, however, securities of a foreign company are quoted on the ASX under Listing Rule 1A, it is very unlikely that a foreign company will ever be a disclosing entity. This is because:

(a) of the exemption for foreign companies quoted under Listing Rule 1B; and

(b) securities for a foreign company issued pursuant to a prospectus or a takeover scheme or compromise or arrangement under Pt 5.1 are not counted for the purposes of determining a disclosing entity.

These issues are discussed below with some background information on the changes

made to the disclosure requirements in Australia.

Enhanced Disclosure

Overview

Part 1.2A of the Corporations Law came into force on 1 July 1994. It introduces the concept of disclosing entities to the Corporations Law. Disclosing entities are required to comply with strict accounting and information disclosure obligations.

A disclosing entity is a body or undertaking (prescribed interest schemes) that has issued securities that are Enhanced Disclosure (ED) securities. The two most common classes of ED securities that are quoted on a stock market (quoted ED securities) and securities to which a prospectus relates.

The consequences of being a disclosing entity are:

(i) half-year and full-year accounting periods apply to the entity for accounting periods which commence after 1 July 1994;

(ii) a continuous disclosure regime applies to the entity;

(iii) the entity may be able to take advantage of the more relaxed prospectus content rule in sec 1022AA.

What is a disclosing entity?

Disclosing entities are defined in sec 111AC:

(i) A body will be a disclosing entity if any securities of the body are ED securities. This applies to all securities except prescribed interests and units of prescribed interests: sec 111AC(1).

(ii) If any prescribed interests or units of prescribed interests are ED securities, the undertaking to which the interests relate is a disclosing entity: sec 111AC(2).

The first and second parts of the definition are mutually exclusive. Therefore, if any corporation has made available units in a prescribed interest scheme, it is the undertaking to which the prescribed interest relate (i.e., the scheme) and not the corporation that is a disclosing entity.

What are ED securities?

Securities of a body will be ED securities if:

(i) the securities are quoted on a stock market;

(ii) a lodged or deemed prospectus relates to the securities;

(ii) the securities were issued as consideration for an acquisition under a

takeover scheme or Pt 5.1 compromise or arrangement; or

(iv) the securities are debentures to which sec 1052 (which requires a trustee to be appointed) applies.

Thus, if a company issues shares that are quoted on a stock market, those shares will be ED securities: the company, therefore, will be a disclosing entity. Similarly, if a company makes available prescribed interests that are quoted, the prescribed interests will be ED securities and the undertaking to which they relate will be a disclosing entity.

Exempt Foreign Companies

For foreign issuers listed on the ASX, regulation 1.2A.01 provides securities of an exempt foreign company (in terms of Listing Rule 1B) are exempt from the disclosing entity provisions of the Corporations Law.

SECTION 1B EXEMPT FOREIGN COMPANIES

(1) A foreign company may be considered for admission to the Official List as an exempt foreign company, if;

(a) (i) it has net tangible assets exceeding AUD500,000,000 or;

(ii) it is a going concern or successor of a going concern having operating profit before income tax for each of the past 3 years of at least AUD100,000,000 and which profits in the opinion of the Exchange are derived from the company's ordinary activities; and

(b)(i) it has as its overseas home exchange, a stock exchange that is designated as an approved foreign exchange by the ASC for the purposes of the granting of relief from Divisions 2, 3 or 6 of Part 7.12 of the Corporations Law; or

(ii) it has as its overseas home exchange, a stock exchange that has listing rules (or their equivalent), or it is subject to laws, which in the opinion of the Exchange make adequate provision with respect to market information and market regulation. Without limiting the factors to be considered, when determining whether adequate provision has been made, the Exchange shall have regard to the market information principle and regulatory principle. The Exchange may also have regard to the market capitalization and percentage of world trading which takes place on the overseas home exchange, whether that exchange is a member of the Federation Internationale des Bourses de Valeurs (FIBV) and whether that exchange receives concessional treatment from other exchanges; and

(c) it is subject to the listing rules (or their equivalent) applicable to it in the place of its overseas home exchange; and

(d) it establishes and agrees to maintain an Australian register or, if no Australian register, then a register of depository receipts or appropriate facilities for transfer registration; and

(e) it agrees to pay listing fees determined in accordance with Section 4A, 4B and 4C, except that the minimum fees payable by an exempt foreign company shall be $25,000 for the Initial Listing Fee and $5,000 for the Annual Listing Fee; and

(f) it agrees to submit a copy of the company's Annual Report as specified in Appendix 1B and any subsequent interim report and after admission to the Official List such other number of those documents as is specified in Appendix 1B or as otherwise may be required by its Home Branch; and

(g) it completes the form of application for admission to the Official List set out in Appendix 1B; and

(h) the Exchange is satisfied that the company is in compliance with the listing rules (or their equivalent) of the company's overseas home exchange. Without limiting other ways for the Exchange to satisfy itself of this requirement, it may have regard to a statement signed by at least two directors that the company is in compliance with the listing rules (or their equivalent) of its overseas home exchange;

(i) the Exchange agrees to classify the company as an exempt foreign company; and

(j) (except in the case of a company incorporated in a jurisdiction whose laws preclude participation in CHESS) if the company is admitted to the Official List on or after 1 January 1995 (or such later date as may be determined by SCH) it satisfies the requirements (if any) for its securities to be CHESS approved securities.

Exemption for the Issue of Securities in Connection with Foreign Takeover

Regulation 1.2A.02 provides a further exemption is provided where foreign companies where:

(a) the company issues the securities in connection with a foreign takeover offer or foreign scheme or arrangement; and

(b) the securities issued are, at the time of issue, securities in a class of securities quoted on an approved foreign exchange; and

(c) the terms and conditions of the issue to citizens and Australian permanent residents are the same as those applying to each other person receiving securities that are in the same class; and

(d) the same notices, documents or other information (or, where applicable, an English translation of these) (modified, if necessary, to include any additional information for the purposes of complying with Division 2 of Part 7.12 of the Corporations Law) are given to Australian citizens or permanent residents as are given to each other person; and

(e) the notices, documents and other information are given to Australian citizens

and permanent residents at the same time, or as soon as practicable after, they are given to those other persons; and

(f) in relation to the issue - the company complies with all legislative and stock exchange requirements in the place in which is located:
(i) the approved foreign exchange; or
(ii) if more than one - the principal approved exchange;
on which the company's securities are quoted.

"approved foreign exchange" includes:
(a) American Stock Exchange Inc.;
(b) New York Stock Exchange Inc.;
(c) New Zealand Stock Exchange Inc.;
(d) The Stock Exchange of Hong Kong Ltd;
(e) Stock Exchange of Singapore Limited;
(f) The Amsterdam Stock Exchange;
(g) the Frankfurt Stock Exchange;
(h) The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;
(i) the Milan Stock Exchange;
(j) the NASDAQ National Market;
(k) the Paris Bourse;
(l) the Tokyo Stock Exchange;
(m) the Toronto Stock Exchange;
(n) the Zurich Stock Exchange;

"foreign scheme of arrangement" means a compromise or arrangement that is subject to court approval under subsection 411 (6) of the Corporations Law, between:

(a) a foreign company and a class of its creditors; or
(b) a foreign company and a class of its members;

"foreign takeover offer" means an offer-made to acquire all or some of the shares of:

(a) all holders of a class of shares in a foreign company; or
(b) all holders other than:

(i)the offerer; or
(ii) the offerer and its associates (within the meaning of Division 2 of Part 1.2 of the Corporation Law).

Significance of being a disclosing entity

Division 3 of Pt 1.2A imposes two burdens and one benefit on disclosing entities. Disclosing entities are subject to periodic reporting obligations and continuous disclosure requirements. Disclosing entities may also be eligible for limited relief from certain prospectus content rules.

Periodic reporting obligations

A disclosing entity is subject to half-year and full-year accounting periods.

Continuous disclosure requirements

Disclosing entities are also subject to continuous disclosure requirements. The source of the continuous disclosure regime for listed disclosing entities is the Listing Rules of the Australian Stock Exchange (particularly Listing Rule 3A(1)).

If the Listing Rules apply to the entity and require it to notify the Exchange of specified events or matters so that they can be released to the market, these must be complied with: sec 1001A(1). A disclosing entity must not intentionally, recklessly or negligently fail to notify the Exchange of any such information if it is information that a reasonable person would expect to have a material effect on the price of the ED securities and the information is not generally available: sec 1001A(2).

An unlisted disclosing entity must lodge a document with the ASC containing information if it is information that:

(i) is not generally available;

(ii) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of ED securities of the entity; and

(iii) is not required to be included in a supplementary prospectus or a replacement prospectus in relation to the entity: sec 1001B(1).

An intentional, reckless, or negligent failure to comply with sec 1001B is a contravention of the section but only intentional or reckless contraventions are offences: sec 1001B(2) and (3).

Prospectus relief

The general prospectus content rules are modified in the case of prospectuses issued by disclosing entities.

The continuous disclosure regime in sec 1001A-1001D requires disclosing entities to disclose certain information to the market on a continuous basis. Consequently, much of the information which would have traditionally been provided in a prospectus relating to a securities issue would already have been released to the market. Section 1022AA gives recognition to this fact by limiting the information which must be provided in a prospectus relating to quoted ED securities of a disclosing entity to what has been termed transaction-specific information.

In the commentary that follows, the term "transaction-specific prospectus" is used to describe a prospectus issued in accordance with sec 1022AA. In order to issue the limited form of prospectus in sec 1022AA, the following criteria must be satisfied.

1. The securities the subject of the prospectus must be quoted ED securities in

a class of securities that were quoted ED securities at all times in the 12 months before the issue of the prospectus.

2. The entity must not have been exempted from applicable provisions.

3. There must not be an instrument in force excluding the disclosing entity from relying on sec 1022AA.

In Practice Note 53, the Commission has stated that in its opinion there is a further requirement that the continuous disclosure regime has been complied with for the 12 months preceding the issue of the prospectus (.31 at para 47)/

What information must appear in the prospectus for ED securities?

The primary test for inclusion of information in the transaction-specific prospectus is that the prospectus must:

(a) set out the terms and conditions of the offer or invitation contained in the prospectus; and

(b) contain all such information as investors and their professional advisers would reasonably require and reasonably expect to find in the prospectus for the purposes of making an informed assessment of:

(i) the effect of the offer or invitation on the disclosing entity; and
(ii) the rights attaching to the securities; and

(c) contain a statement that:

(i) explains that the disclosing entity, as such an entity, is subject to regular reporting and disclosure obligations; and
(ii) advises that copies of documents lodged in relation to the entity may be obtained from, or inspected at, an office of the Commission: sec 1022AA(2).

There is a safeguard in place to ensure that information which has not been released under continuous disclosure for reasons of confidentiality or prejudice must be included if relevant to the assets and liabilities, financial position and prospects of the disclosing entity or the rights attaching to the securities: sec 1022AA(6).

BELGIUM

Regulatory requirements for public offerings

-The Royal Decree of 22 December 1995 on the admission of financial instruments to official listing on a stock exchange has replaced the Royal Decree of 28 February 1993 without, however, introducing any significant changes. This Royal Decree of 22 December 1995 came into force on 1 February 1996.

-The Royal Decree of 13 February 1996, which came into force on 7 March 1996, has laid down an accelerated and less expensive procedure for the approval of the listing particulars to be published for the admission of financial

instruments to stock exchange listing in Belgium.

If the issuer wishes to follow the accelerated procedure and submits on that purpose a formal request to the Banking and Finance Commission, this procedure may be adopted for applications for admission of financial instruments issued by:

- companies whose securities are admitted to official stock exchange listing in Belgium or

- companies whose shares are admitted to a market, whether or not regulated, of a Member State or non-Member State of the European Community, provided that the non-regulated markets and the regulated markets of non-EC States are included in a list drawn up by the Minister of Finance.

The accelerated procedure differs from the classic procedure laid down in Title II of Royal Decree 185 (deadline for the examination: 1 month) by introducing for both the issuer and the Banking and Finance Commission successive stages with time limits for the different phases of the examination of the dossiers:

- first phase: filing of a dossier with the Banking and Finance Commission which examines whether this dossier is complete (time limit for notifying whether the dossier is complete or not: one day; if the dossier is incomplete, it has to be completed within ten working days by the issuer);

- second phase: from the day the Banking and Finance Commission has notified that the dossier is complete, it has two, four, six or eight days, depending on the case, to examine the contents of the dossier (verification whether the information provided is accurate or adequate).

The Banking and Finance Commission has compiled a practical guide with regard to the accelerated procedure.

-In many cases the Royal Decree of 13 February 1996 also imposes an upper limit - from BEF 10,000 to BEF 25,000 depending on the case - on the remuneration payable to the Banking and Finance Commission for the approval of the listing particulars.

-The Royal Decree of 13 February 1996 has also relaxed the procedure for the mutual recognition of listing particulars by authorizing the Banking and Finance Commission to accept applications for recognition before the listing particulars have been approved by the competent authority of the other Member State but provided that they will be approved.

-The Banking and Finance Commission authorizes the issuers, if so desired, to publish, next to the full prospectus, a short-form prospectus of two or three pages with the core information about the transaction and the issuer.

New possible exemptions from the obligation to publish listing particulars

The Royal Decree of 1 September 1995 amending the Royal Decree of 18 September 1990 in respect of the obligations arising out of the admission of securities to official stock exchange listing, authorizes the Banking and Finance Commission to grant a

complete or partial exemption from the obligation to publish listing particulars for the admission of securities to official stock exchange listing in Belgium in two new cases:

if the securities whose admission is requested, have already been admitted to official stock exchange listing in another Member State of the European Community for at least three months;

if companies whose shares have already been listed on the second market of a Belgium Stock Exchange for at least two years wish to have their securities admitted to the official listing.

This Royal Decree thus transposes the Directive 94/18/EC into Belgian law, which authorizes the Member States to incorporate these possible exemptions from the publication of listing particulars into their national law without, however, obliging them to do so.

Continuing reporting obligations

-The Law of 6 April 1995 on the secondary markets, the legal status and supervision of investment firms, intermediaries and investment advisers does not introduce any significant changes in the continuing reporting obligations incumbent upon the issuers listed in Belgium. It does, however, fundamentally modify the organization and the division of the powers of control between the authorities responsible for ensuring that these obligations are complied with:

the stock exchanges consisting of two bodies:

= the Board of Directors with representatives of the different professional activities carried out on the securities markets, whose primary duty is to outline the general policy of the stock exchange;

= the Management Committee, a newly created body consisting of independent persons appointed by the Minister of Finance, is an autonomous administrative authority (market authority) charged in particular with:

! the observance by the issuers of securities of the legal and regulatory provisions with respect to price sensitive information;

! the observance of the provisions with respect to insider trading.

the Banking and Finance Commission whose powers have been modified:

= it is no longer entrusted with the first-line supervision with respect to price sensitive information and insider trading (in particular the investigations) but remains in charge of the first-line supervision of periodic information (half-yearly reports and annual accounts);

= it is entrusted with the second-line supervision of the Management Committees of the stock exchange; this means that it supervises the introduction of and the compliance with the organization and the procedures of these

Management Committees.

The Law of 6 April 1995 is completed by a number of implementing Decrees, in particular two Royal Decrees of 3 July 1996 on the obligations with regard to periodic information and occasional information respectively, incumbent upon issuers whose financial instruments are admitted to official stock exchange listing. The Law of 6 April 1995 came into force on 1 January 1996. The Royal Decree of 3 July 1996 repealing the Royal Decree of 18 September 1990 in respect to the obligations arising out of the admission of securities to official stock exchange listing in Belgium came into force on 1 August 1996.

-It should be pointed out that the Law of 6 April 1995 also regulates the legal status and the supervision of the investment firms, i.e. the firms whose usual activities consist of the professional provision of investment services (transposition of the European Directive on investment services into Belgium law).

CANADA

Foreign Issuer Prospectus and Continuous Disclosure System

The Canadian Securities Administrators ("CSA") will shortly be publishing for comment the revised draft National Policy Statement No. 53, as a draft rule. The draft policy was originally published in 1993 under the title "Foreign Issuer Prospectus and Disclosure System" ("FIPS"). It is contemplated that FIPS would, among other things, permit offerings of securities of major foreign issuers to be made in Canada on a basis that would be exempt from most Canadian disclosure requirements, including Canadian GAAP reconciliation requirements. FIPS would be available for offerings which are also being made on a registered basis pursuant to United States Federal Securities Laws and which meet certain eligibility requirements. FIPS would also provide for exemptions from certain Canadian continuous disclosure requirements. Pending the publication of the draft rule, staff of the various provincial and territorial securities regulatory authorities in Canada have expressed their willingness to consider recommending relief on a case-by-case basis to permit offerings along the lines of FIPS as currently contemplated.

FIPS is designed to permit eligible transactions to occur in Canada with minimal review on the basis of disclosure documents prepared in accordance with United States Federal Securities Laws and Regulations, and builds on the mechanisms set forth in existing Canada/U.S. multijurisdictional disclosure system contained in National Policy Statement No. 45. However, unlike MJDS, FIPS will not be reciprocal. Eligible foreign issuers will be required to provide Canadian GAAP information, provided that U.S. GAAP information is included either directly or by reconciliation. The requirements and exemptions available under FIPS for offerings of securities of eligible foreign issuers that are not being concurrently made on a registered basis in the U.S., will be determined on a case by case basis. FIPS will be available for offerings by the so called "world class" issuers which meet a certain minimum size test.

The procedure for completing a prospectus offering under FIPS will be substantially similar to those under NP 45. It is anticipated that shelf and post receipt pricing procedures will be available, including unallocated shelf procedures to the extent available in the United States. Continuous Disclosure and Proxy Solicitation requirements for eligible foreign issuers that are U.S. companies will generally be those applicable in the U.S., provided that all such documents are filed promptly in Canada. The continuous disclosure and insider reporting requirements and exemptions applicable to non-U.S. eligible foreign issuers that are not U.S. registrants will be determined on a case by case basis. Dealers registered as international dealers in Ontario will be able to distribute securities offered under FIPS to designated institutions in Ontario.

FRANCE

 # The Nouveau MarchJ

On the first of March 1996, The Bourse de Paris, with the active support of the COB launched le NOUVEAU MARCHE, similar to the NASDAQ, specially designed for fast growing companies, often involved in high technology.

The COB adopted a new rule for this market. The prospectus must now include two major new items:

- a description of the risk factors which could be very important for small companies.

-a description of a 3 years business plan with some projection figures of the main points of the balance sheet and result accounts at the end of the plan.

#Directive 94/18/EC amending directive 80/390/EC with regard to the obligation to publish listing particulars

The COB rule nE 95-02 implements in the French regulation the EC Directive 94/18 (which enlarged the EC Directive 80/390).

This rule provides that a company which is listed for three years on an official market in another state of the European Union, having a certificate of compliance from its own competent authority will be exempted from a prospectus by the COB when applying for the admission of its shares on the French official market.

To obtain this exemption, the company must make available to the French public certain information (inter alia the last prospectus published not less than 12 months previously, and the financial statements).

Finally, the company must publish a press release in French.

 # Disclosure on corporate governance

Recently the COB has completed its rule for the content of prospectuses and asks for additional publication on corporate governance.

This information deals with:

-the creation and the composition of specialized committees to consider specific aspects of the company's organization (audit committee, ...).

- the appointment of independent directors by the board, to represent for instance the minority shareholders.

GERMANY

As competent authority the Deutsche B`rse has to observe following changements since 1st of January 1995 concerning German and foreign companies. Article 36 of the Exchange Act now concedes the possibility for the issuer to publish the prospectus approved by the Deutsche B`rse as a booklet available on demand free of charge by each person interested. In a newspaper with a national distribution there must be in this case a notice giving the address of the company, the sponsoring banks and the competent admission office (Zulassungsstelle).

Also the Exchange Admission Regulation has been altered in a decisive point. It concerns Securities granting a conversion or subscription right, see paragraph 2 of Article 11 below. Prior to 1st of January 1995 it was only possible to apply successfully to an admission in Germany, when the issuer company of these securities was domiciled and admitted in a country of the OECD.

' 11
Admission of Securities With Conversion or Subscription Rights

(1) Securities granting the holders a conversion or subscription right for other securities shall only be admitted if the securities to which the conversion or subscription right relates are on a domestic exchange either admitted to trading or included in another organized market or are simultaneously so admitted or included.

(2) Paragraph (1) notwithstanding, the Admissions Office may admit securities if the securities to which the conversion or subscription right relates are admitted to a market within the meaning of '2(1) of the Securities Trading Act and if the public can domestically inform itself regularly about the price development in the trading in such securities in the foreign market. The prospectus for the admission of such securities with conversion or subscription rights must contain information on how the public can regularly inform itself domestically about the foreign price developments.

HONG KONG

Survey of Regulatory Changes involving Multinational Offerings

1. Introduction of a net profit track record requirement for a new listing

An applicant for a listing is required to have a trading record of not less than three financial years during which the profit attributable to shareholders should be not less than HK$20,000,000 in the most recent year. In addition, the profit attributable to shareholders in the two preceding years should be in aggregate not less than HK$30,000,000. The profit should exclude any income or loss of the issuer generated by activities outside the ordinary and usual course of its business.

2. Increasing disclosure in annual reports

The following disclosures should be included in the annual reports of all SEHK listed issuers, except for items (h) and (i) which are applicable to non-Hong Kong incorporated issuers only:

a. aggregate emoluments of directors and the five highest paid employees which should be further analyzed into the pre-determined bands;

b. brief biological details in respect of the directors and senior management;

c. details of pension schemes and the methods of calculations of the contributions;

d. where an issuer has revalued its property assets in its prospectus for listing, the value for such property assets shall be included in the financial statements at such valuation;

e. information in respect of major customers and suppliers such as the percentages of sale and supplies attributable to them respectively and details of interests, if any of the directors, their associates or any shareholders in the customers or suppliers;

f. management discussion and analysis of information relating to the issuers' performance, material factors underlying the results, and financial information and other key financial data;

g. a statement disclosing whether any change in auditors of the issuers in any of the preceding three years has taken place;

h. overseas incorporated issuers shall state the accounting standards adopted for the preparation of their financial statements; and

i. overseas incorporated issuers shall disclose information required of local issuers under the Hong Kong Companies Ordinance in respect of contents of Directors' Report, corresponding figures, loans to company officers in financial institutions, etc.

3. Disclosure of Distributable Profits

Historically banking and shipping companies were given special exemptions under the Companies Ordinance from disclosure of certain financial information and these exemptions prevented them from disclosing their "true" distributable profits in their financial statements.

These exemptions were removed in 1994-1995 through a series of amendments to the Listing Rules applicable to banking and shipping companies which are listed on the SEHK. For banking companies, they are required to present detailed breakdown of their assets and liabilities under specified headings in the profit and loss accounts and the balance sheets. Further, banks are now required to show in their profit and loss accounts, the amount of the transfer to or from their Inner Reserves. These balances and the amounts of transfer were not previously required to be disclosed making it impossible for readers to ascertain the "true" distributable profits in the financial statements.

On the asset side, additional breakdown will be provided in respect of advances to customers and banks, and the institutions' portfolio of securities will be analyzed into those held for dealing and investment purposes. Property revaluation reserves, which form part of the inner reserves of some banks, will also be disclosed. Further enhancements have been made in the areas of disclosure of off-balance sheet exposures, and segmented analysis of loan portfolios by business and geographical areas.

The above disclosure requirements, which mirror those established by the Hong Kong Monetary Authority for all banks, whether listed or non-listed, have brought the disclosure standards in Hong Kong for banks in line with practices adopted in major financial centers.

ITALY

I. DISCLOSURE

a) Since the last updating, Consob introduced in 1994 regulations on the offering of commercial papers which are considered as securities. In particular with respect to the public offer of them in a roll over issuing program.

The prospectus which may be used with the appropriate adaptation corresponds with the one used for Debt Securities.

b) Provisions were also introduced with respect to local authorities. When they issue and offer bonds, they have to comply with, pursuant to a decree of the Minister of Treasury of 1996, the ordinary requirements related to the appeal to the public.

Therefore, Consob has decided that prospectus drawn up for Debt Securities, used in the case of public offerings of them, may be used for local authorities' bonds with proper adaptations related to the nature of the offeror.

II. AUDITING

In listing requirements (article 7), it is provided for that foreign issuers must provide the Commission (Consob) with all assessment elements deemed necessary to recognize the equivalency of foreign auditing. In particular, as regards the independence of the auditors and auditing principles.

To this end, Consob has recommended in 1995 to auditing companies to adopt the principle of the going concern. The objective of this principle is to define behavioral indicators and to provide a guideline as regards the responsibility of the auditor as to the accuracy of the going concern assumption as a basis for the drawing up the financial statements of a company.

JAPAN

The main regulatory changes affecting multinational offers in Japan from the end of April, 1994 to the end of July, 1996 are the following.

1. Reduce the disclosure burden for foreign issuers

In December of 1994, Ministry of Finance issued the ministerial ordinance announcing that foreign issuers may:

(a) omit Japanese translation of their annual reports which had been required in previous periods, and
(b) submit just the selected information regarding articles of incorporation, trend in the foreign exchange rate, outline of domestic legal systems, etc., summery of shareholding, etc. in Japan, history of the company, etc. in their securities reports, of which detailed information were required in prior periods.

2. Ease restrictions on the shelf registration

By amending ministerial ordinances in June of 1995 and April of 1996, Ministry of Finance eased restrictions on the shelf registration. Companies may take advantage of the shelf registration, if the following conditions are met:

(a) Companies have disclosed their securities report for one year (in previous periods, three consecutive years), and

(b) Either of the following conditions is met.

(1) The amount of buying and selling the securities in secondary markets is ten billion yen (in previous periods, a hundred billion yen) and over, and the gross amount of market price of the securities is ten billion yen (in previous periods, a hundred billion yen) and over.

(2) The gross amount of market price of the securities is twenty-five billion yen (in previous periods, five hundred billion yen) and over.

LUXEMBOURG

1) Listing requirements concerning the admission of shares of recently created companies.

By ministerial regulation of 16 May 1994, additional requirements have been set up according to which, in the case of shares of a company which is not in a position to have published or registered, in accordance with the relevant laws and regulations, its annual accounts for the three financial years preceding the application or admission to official stock exchange listing, the following additional documents have to be filed with the Luxembourg Stock Exchange:

a) - a detailed and up-to-date curriculum vitae evidencing the professional experience and the knowledge necessary to the performance of the company's activity.

-a judicial record extract or any similar documents,

-banking references,

concerning the persons sitting on the administrative, management and supervisory bodies and who have a significant influence on the performance of the company's business, or concerning the persons responsible for the company's management and entitled to actually define the guidelines for the company's operation.

b) three year estimates including, in particular, financial forecasts for the development of the planned activities, which shall be established or approved by one or several independent and specialized experts or organizations.

2) Periodic information to be published by recently created companies.

Furthermore to the normal periodic information, recently created companies have to publish until the end of their third financial year an interim report covering the first and the three quarters of the current financial year. These interim reports shall be made available to the public within three months following the period in question.

3) Publication of financial forecasts in the listing particulars.

Pursuant to the circular 94/5 of 30 June 1995 issued by the Commissariat aux Bourses, companies which are not able to present annual accounts for the three consecutive years preceding the official application for listing will have to publish financial forecasts for three years. Forecasts in this case mean any indications relating to the activities into which the company has engaged or is intending to engage, to the viability of the company's business, its commercial potentials and any other evaluation as to the evolution of its financial results. Such forecasts must be set up by an independent expert or consultant or be submitted to an independent expert or consultant in the case they have been set up by the company itself. The prospectus must mention in all cases that these forecasts do not bind the company with respect to future results and that these forecasts are included in the prospectus solely for information purposes.

Companies which do not need waivers of the requirement for three years' annual accounts must include in the prospectus information on recent developments and business outlook. Information on business outlook has to cover at least the current year. If the financial forecasts exceed one year, the forecasts will have to comply with the same rules as those applicable to companies which are in a situation where they need a waiver, i.e. the forecasts will have to be set up by or submitted to an independent expert or consultant, and the prospectus will have to mention that these forecasts do not bind the company with respect to future results and that these forecasts are included in the prospectus solely for information purposes.

4) Listing requirements concerning transferable securities which have been officially listed in another Member State of the European Economic Area for not less than three years before the application for admission to official stock exchange listing.

The Grand-ducal regulation of 28 December 1990 on the requirements for the drawing-up, scrutiny and distribution of the prospectus to be published where transferable securities are offered to the public or of listing particulars to be published for the admission of transferable securities to official stock exchange listing has been modified by a Grand-ducal regulation of 28 June 1995.

The latter provides a total exemption from the obligation to publish listing particulars or a public offer prospectus where transferable securities of which admission to official stock exchange listing is applied for, have been officially listed in another Member State of the European Economic Area for not less than three years before the application for admission to official stock exchange listing and where, to the satisfaction of the Commissariat aux Bourses, the competent authorities of the Member State(s) of the European Economic Area in which the issuer's securities are officially listed have confirmed that during the preceding three years or during the whole period the issuer's securities have been listed, if that is less than three years, the issuer has complied with all the requirements concerning information and admission to listing imposed by Community Directives.

Instead of listing particulars, these issuers must publish a specific document which is enfaced in due form with the visa by the Luxembourg Stock Exchange. That document can be considered as an abridged version of listing particulars and contains the following information:

1) the latest annual report and the latest audited annual accounts,

2) the issuer's latest half-yearly report for the financial year in question where it has already been published.

3) any listing particulars, prospectus or equivalent document published by the issuer in the 12 months preceding the application for official stock exchange listing,

4) the details of any significant change or development which has occurred since the date to which the documents referred to in points 1) to 3) relate,

5) a statement that application has been made for admission to official stock exchange and some general information on the shares, the certificates representing the shares, the debt securities and in the case of convertible debt securities, of debt securities with warrants or of warrants, information must be given on the nature of the shares offered by way of conversion, exchange or subscription.

6) information specific to the Luxembourg market,

7) a declaration by the persons responsible for the information given in accordance with the above-mentioned points 4), 5), and 6) that such information is in accordance with the facts and contains no omission likely to affect the import of the document,

8) the following information where it is not already given in the documents provided for under points 1) to 5):

- the composition of the company's administrative, management and supervisory bodies and the functions performed by the individual members,

- some general information about the capital,

- details of the interests of which the company is aware in the shares of the company of major shareholders as communicated to the company pursuant to the law of the company's country of incorporation and, if different, pursuant to the requirements of the competent authority of the State where the company has its primary listing,

- possible reports concerning the last published annual accounts by the auditors required by the national law of the country within the territory of which the issuer's registered office is situated.

The above-mentioned Grand-ducal regulation of 28 June 1995 also provides that the Commissariat aux Bourses is the competent authority which will confirm on request by a company officially listed on the Luxembourg Stock Exchange that the company has complied with all the requirements concerning information and admission to listing imposed by Community Directives.

According to said regulation the prospectus relating to a public offer of securities or the listing particulars for admission to official stock exchange listing and/or any other advertisement documents used for a public offer for admission to official stock exchange listing must either be published in French, German or English, or be translated into one of these languages.

That regulation further provides that where a document is published in lieu of listing particulars as specified above, advertisements, notices, posters and documents merely announcing that admission to the official stock exchange listing and specifying the major features of the transferable securities, and any other documents relating thereto, due to be published by the issuer or on the issuer's behalf, shall be communicated in advance to the Luxembourg Stock Exchange which shall determine whether such documents should be scrutinized before publication.

Any advertisement or information document shall contain a reference to the said

document and indicate where it may be obtained.

THE NETHERLANDS

5.2 PRICE STABILIZATION

5.2.1 Preamble

For the purposes of the Securities Trading Rules, price stabilization is understood to mean intervention in the market on the account of the syndicate within the framework of a capital market transaction so as to smooth out market imbalances in supply and demand within the period set in subsection 5.2.2. Price stabilization should be aimed at furthering a stable price behavior and a fair and orderly market in the interests of investors and issuers.

Price stabilization within the meaning of these Rules shall be subject to the condition that official quotations be established on the Amsterdam Stock Exchange and be permitted only within the time frame set in subsection 5.2.2. Stabilizing activities performed outside this time frame, for instance in the period prior to the establishment of an official quotation, may under certain conditions be considered as (prohibited) price manipulation within the meaning of section 5.4 of these Rules.

5.2.2 Conditions for price stabilization

1. Only Corporate Members of the Stock Exchange Association may be designated by the syndicate as stabilizing managers for the purpose of these Rules.

2. Price stabilization by the Corporate Member designated as stabilizing manager shall be permitted only as far as buy or sell transactions in the relevant stock and its related securities are concerned, provided these transactions are made for the account and at the risk of the syndicate; it shall be allowed to designate several Corporate Members as stabilizing managers for the same case.

3. This code shall also apply to all transactions in the particular stock and its related securities made by and for the accounts of the stabilizing manager or managers and Corporate Members acquainted with the course of the issue (the book runners).

Note

Pursuant to paragraph 3, the provisions of section 5.2 (including the price demarcation in the preamble and paragraph 5, and the recording required by paragraph 8) apply for practical reasons also to transactions defined in this paragraph. Examples of equity-related products referred to in paragraphs 2 and 3 are by-products listed on the Amsterdam Stock Exchange such as rights, and derivatives dealt via a derivatives market such as the

European Options Exchange or over-the-counter.

4. The price stabilization code shall apply to capital market activities in all such securities as are eligible for admission to listing on the Amsterdam Stock Exchange.

5. a.Subject as provided in 5.2.2.5.b below, price stabilization shall be possible at any proposed dealing price, with due observance of the provisions in subsection 5.2.1 above (preamble).

Price stabilization on the buying side with respect to shares and depositary receipts of shares shall be subject to the following restriction during the period commencing when the announcement is made and continuing until the end of the closing date of subscription. This restriction is supplementary to the provisions of subsection 5.2.1. above (preamble).

In such cases, stabilizing transactions shall be permitted only below or at the reference price or the last preceding official quotation at the particular time, whichever is the higher. Reference price means the dealing price at the time when the announcement of the issue made public by the syndicate pursuant to 5.2.2.7 below. In the case of an already listed stock, the reference price must be in line with the last preceding official quotation; in the case of a new listing, it must be in line with the issue price or price range set.

Note:

If a price range has been set, the reference price may be attuned to the highest dealing price; in this contest, reference is made to the regulations concerning AIW trading, embodied in section 5.1 above, and the provisions of subsection 5.1.5 in particular ("issues in accordance with international practices"). The words "until the end of the closing date of subscription" have been chosen since price demarcation of the product after closing date is no longer in the interests of the investing public and, generally speaking, a fair insight has then been gained into the success of an issue.

6. The price stabilization code shall apply in the period between the announcement of the issue and thirty days after payment date.

7. a.An intention to effect price stabilization must be announced by advertisement in a prominent place in the issue prospectus and the Daily Official List.

b. Where the prospectus is not available until after the commencement of stabilizing activities within the meaning of this code, the information mentioned in a. must be made public in such a way as to enable the investing public to take notice of this information at the time of the announcement of the transaction.

8. Members who act as book runners and/or Members designated as stabilizing managers shall maintain a register in which the particulars of the transactions dealt within the framework of such stabilization and relating

to the securities mentioned in 5.2.2.3 will be recorded, which register shall be produced for inspection by the Compliance and Enforcement Department of the Association upon first a request to that effect. These particulars shall at any rate include date, time, price and volume of each transaction.

9. In cases not provided for in this section 5.2, prior advice must be sought from the Commissioner of Quotations/Director of Trading.

LOANS SECURED BY A TRUST DEED

The Council of the Amsterdam Stock Exchange wishes to take measure to strengthen the independence of trustees of bond loans. This requires a modification of the regulations concerning loans secured by a trust deed, as embodied in the Listing and Issuing Rules. The appropriate consultation proceedings with the issuing institutions will therefore be set in motion. Meanwhile, pending its examination of the proposed rules, the Association of Securities Issuing Institutions VEUO has indicated that is prepared to grant the request for immediate adoption.

Protection of interests

Under the new regulations, the trust deed must contain an explicit provision to the effect that the trustee will protect the interests of the holders of the relevant bonds. There is, at present, a certain amount of ambiguity on this point in practice.

Independence

An important element of the new regulations is the safeguarding of independence. The debtor (issuing institution) of a loan secured by a trust deed shall neither directly nor indirectly participate in the trustee's share capital:

-the individual and joint interests of the trustee's financiers (banks) in the issued voting capital of the trustees shall not exceed 15% and 49.9% respectively;
-the new regulations further contain provisions to secure the independence of the management board vis-B-vis the debtor of the loan and its financiers (banks).

Accountability

An additional provision worthy of mentioning is that a bondholders' meeting be held within one month in the event that the trustee, in urgent cases, has taken measures in the interests of bondholders without prior authorization by the meeting of bondholders.
Finally, certain requirements have been laid down with respect to voting rights.

The Council has decided to amend the regulations for loans secured by a trust deed, embodied in article 22 and Appendix 1 of the Listing and Issuing Rules, to the following effect (see Appendix).

26 July 1994

MANDATORY ANNOUNCEMENT OF PRIVATE SHARE ISSUE

Recent developments in the field of private issues of already listed equity stocks, have induced the Council to lay down further rules as to information to be supplied to market parties. The main objective criterion has been that the market should be aware of the essential modalities of the intended transaction.

A. The lead manager must in any case give prior notice to the Commissioner of Quotations/Director of Trading if the syndicate wishes to approach investors in connection with a private share issue. If circumstances warrant, the Commissioner of Quotations/Director of Trading may decide on the necessity for and or timing of a public announcement, proceeding on the following lines of guidance.

B. Prior public announcement shall be required where the invitations to market parties and/or the marketing operation take place during the official trading hours of the stock which is the subject of the placing. In the case of stocks included in the AEX, the official trading hours are from 09:30 hrs. to the close of the New York Stock Exchange, and in the case of all other equity stocks from 09:30 to 16:30 hrs. Said prior public announcement must state at least the following:

a. the name of the issuer;
b. the amount of the placing;
c. the method of pricing;
d. the manner of placing;
e. an indication as to whether the stocks will be placed at market price or at a discount.

As soon as the price at which the transaction is to be effected has been determined, the transaction must be announced without delay, stating the price.

C. The obligatory prior announcement may be waived, at the discretion of the Commissioner of Quotations/Director of Trading, if the approaching of market parties and the entire marketing operation take place between the end of the official trading hours of the relevant stock and the opening of the Exchange on the next following official trading day in Amsterdam. In such cases, the details of the transaction effected must be announced in good time before the opening of the Exchange on the day last mentioned.

Pursuant to article 28h of the Listing and Issuing Rules, the announcement is incumbent on the issuer of the relevant listed shares or depositary receipts issued therefor. For the purpose, the issuer shall make arrangements with the lead manager in conformity with the above. Where a private placing is handled or coordinated by a financial institution/non-Corporate Member, the issuer must see to compliance by such financial institution with the above obligations of Members.

29 November 1994

LISTING OF FOREIGN EUROLIST STOCKS

The Association is preparing the incorporation in the Listing and Issuing Rules of the Eurolist provisions of the "Listing Particulars directive" (80/390/EEC). In brief, securities issued by issuers listed in an EU member state for no less than three years may be admitted to listing in another EU member state without a prospectus being required, subject to compliance with the other obligations in the directive with regard to publication.
In anticipation of the official amendment of the Listing and Issuing Rules, the above provision may be applied as of this moment.

It has been resolved that where an application for admission relates to a non-Dutch Eurolist stock for which no prospectus is required, the obligatory due diligence investigation to be conducted by a Member of the Stock Exchange Association, may be waived. Accordingly, the due diligence requirements set out in circulars 93-68 ad 94-004 do not apply in this case.

27 September 1995

PROSPECTUS REGIME RELAXED

Within the framework of further adaptations of the regulatory regime to the internationalization of securities trading, especially the development of a European capital market, it has been decided to adjust some of the requirements for the contents of prospectuses as laid down in the Listing and Issuing Rules.

As to:

-EC and EFTA member states;
-issuing institutions guaranteed by EC and EFTA members states;
-supranational institutions of which the Netherlands is a member;
-other issuing institutions if in each of the preceding five years at least one loan was issued and listed in Amsterdam and if in each of the preceding five years the amount issued and listed in Amsterdam aggregated at least Dfl 200,000,000 or the equivalent in foreign currency.

the requirements for admission will be diminished to the level of the minimum EC requirements as far as bonds are concerned. The above-mentioned categories will in due course be extended by issuing institutions which have been admitted to the Eurolist.

Pending formalization of this change by means of an amendment to the Listing and Issuing Rules, a dispensation may be granted if the situation should arise.

11 February 1994

MODIFICATION OF THE CRITERIA FOR ADMISSION TO LISTING ON THE OFFICIAL MARKET

The Council has decided to modify one element of the new criteria for admission to listing on the Official Market, as set out in Circular Letter S93-081. The modification is prompted by the wish on the part of venture capital companies in particular to enable the listing of an important category of undertakings which, despite the fact that they do not yet satisfy the requirement of having made a

net profit in three of the five years preceding admission, are already suitable to be listed. This concerns undertakings whose justified existence and market share have already been established, but whose results are under pressure, in particular owing to their continued pattern of (capital) outlay. In such cases, an additional requirement is imposed, however, to the effect that the existing shareholders should retain their holdings for some considerable time after the introduction.

Pending formalization of this modification to the Listing and Issuing Rules, Members are requested to apply the new regulation as from this time. The appropriate proceedings for consultation with the issuing institutions on amendment of the Listing and Issuing Rules have meanwhile been set in motion.

21st September 1994

SPAIN

No regulatory changes in Spain were reported in the period covered by this report.

SWEDEN

1. Implementation of EC-directives

iv) Council Directive of 30 May 1994 (94/18/EC) amending Directive 80/390/EEC co-ordinating the requirements for the drawing up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing, with regard to the obligation to publish listing particulars

The Directive states that companies which have been listed on an exchange in a country within the EEA do not have a draw up a public-offer prospectus when admission to register with an exchange in another Member State is sought.

The above is valid to an issuer on condition that the issuer during the preceding three years has complied with all the requirements concerning information and admission to listing and also draws up an official document containing certain information.

Furthermore, the Directive states that companies which have been listed on an exchange during the preceding 24 months, do not have to draw up a public-offer prospectus when admission to register with the same exchange. This is valid on condition that the issuer during the preceding 24 months has complied with all the requirements concerning information and also that the issuer, instead of drawing up a public-offer prospectus, keeps required information available to the public.

To implement the above, the Financial Supervisory Authority (FSA) has prescribed regulations which entered into force on 1st April 1995.

SWITZERLAND

During the period under review, several important legislative and regulatory developments took place in Switzerland, whilst at the operative level the 3 remaining cantonal stock exchanges have been replaced (in Summer 1996) by a new Electronic Stock Exchange (EBS) that integrates all the salient aspects of the Swiss securities markets: equities, bonds, derivatives, mutual fund units, fund transfers, trading, clearing, market information and selling.

1. Federal Act on Stock Exchanges and Securities Trading

The Federal Act on Stock Exchanges and Securities Trading (also known as the Stock Exchange Law) was adopted by the Swiss Federal Assembly on 24 March 1995. It is expected to come into force during the first part of 1997. Some of the implementing provisions were still under discussion when this contribution was printed.

The Act contains 10 main chapters: general provisions; stock exchanges; securities dealers; disclosure of shareholdings in listed companies; takeover offers; supervisory authority; international relations; appeal procedure; penal provisions; final provisions (including implementing provisions and amendments of other federal laws).

The Act's scope is thus wider than what its title would suggest. It is also a law on takeovers and on the disclosure of major shareholdings. The Act's principal aim is to ensure transparency and equality of treatment of investors and to provide a framework to ensure the proper functioning of the securities markets. Being conceived as a "framework law", the Act leaves a large scope for self-regulation by stock exchanges.

In the area of listed offerings, the Act's main provisions are contained in its article 8 (admission of securities) which reads as follows:

[1]The stock exchange shall issue regulations regarding the admission of securities to listing.

[2]The regulations shall contain provisions relating to the negotiability of securities and shall set out the information which shall be furnished to investors in order to enable them to form an opinion about the characteristics of the securities and the quality of the issuer.

[3]The stock exchange shall take into account internationally recognized standards.

[4]The stock exchange shall admit securities to listing upon the fulfillment of conditions set out in the regulations.

This article is the base on which the new Listing Rules have been prepared and adopted by the Swiss Admissions Board, a self-regulatory body set up by the Swiss Exchange.

2. Listing Rules

The Listing Rules regulate the admission of securities to stock exchange trading (secondary market) but not the issue of new securities (primary market). The regulation of the primary market is excluded from the scope of the stock exchange law. This matter is regulated by the Code of Obligations.

The minimum requirements for company disclosure set by the new Listing Rules as a condition for stock exchange listing go beyond those contained in the Code of Obligations. Since for practical reasons the same documents are often used for both issuing and listing. It may be assumed that there will be substantial concurrence between issuing and listing particulars.

The purpose of the new Listing Rules is to give issuers ready and equal access to the Swiss Exchange and to ensure transparency for investors regarding issues and all categories of security (debt, equity and derivative). Pursuant to the legal requirement contained in art. 8, para. 2 of the Stock Exchange Law, the new Listing Rules take into account the internationally recognized standards. In this respect, the provisions contained in the corresponding EC directives have been given great attention.

Each potential issuer is required to publish a prospectus that gives sufficient information for any investor to make well-founded decisions about the security being listed and offered. Disclosure must provide a true and fair view of the company's actual position with respect to assets, liabilities and the other aspects of its financial situation, as well as profits and losses. The accounts must be in compliance with a set of rules governing the presentation of financial statements as well as accounting standards (e.g., regarding accounting principles, consolidation, foreign exchange translation, valuation, cash flow accounting, provisions and notes to the accounts, interim reporting).

Within the broad boundaries established by the Swiss Admissions Board, companies have considerable flexibility in how they comply with reporting requirements. For instance, issuers have the option to make disclosures following non-Swiss accounting rules or guidelines (e.g., IAS, EC directives) as long as these rules meet Swiss standards. Consequently, companies have a certain liberty to select, present and structure the information they make public. Issuers can publish their prospectus either in German, French, Italian or English. (Exemptions from publication apply in cases where the increase in share capital is less than 10 per cent of outstanding nominal or market value, or equity allotments are made to employees or previous publication was made within 3 months and gives the same quality of information).

The new Listing Rules contain special provisions regarding ad hoc publicity, i.e. the obligation for issuers to disclose price-sensitive facts. The Swiss Admissions Board has published special guidelines in order to bring about better understanding of these provisions.

The new Listing Rules will enter into force as from October 1st, 1996.

UNITED KINGDOM

Amendments to the Listing Rules

Global depositary receipts

In 1994, new rules were introduced for the listing of global depositary receipts representing shares where those shares are already listed, or are to be listed, on the London Stock Exchange. These rules were amended later in that year to permit depositary receipts representing shares listed overseas to be listed in London and to introduce new listing rules for depositary receipts marketed to knowledgeable investors.

Amendment to Listing Particulars Directive

In July 1994 the Directive 94/18/EC of the Council of the European Communities, which amended the Listing Particulars Directive, was implemented in the UK. The aim of this Directive is to facilitate cross-border listing within the Community by exempting companies, which have been listed in a Member State for at least 3 years, from the obligation to publish listing particulars.

Public Offers of Securities Regulations 1995

In June 1995, a number of changes were made to the Listing Rules to reflect the Public Offers of Securities Regulations 1995. These amended certain provisions of Part IV of the Financial Services Act 1986 in the context of public offers of securities which are the subject of an application for official listing. They also provided a framework which, together with the Listing Rules, implemented the mutual recognition provisions of the Public Offers Directive and the Listing Particulars Directive. The amendments included the following changes:

!the introduction of a requirement that an issuer, applying for listing of securities to be offered to the public in the UK for the first time, must publish a prospectus rather than listing particulars before admission; and

!new mutual recognition provisions enabling recognition of certain prospectuses approved in other Member States as prospectuses for the purpose of a public offer in the UK.

Venture capital trusts

In August 1995, new rules to provide for the listing of venture capital trusts were introduced in response to the enactment of the Finance Act 1995. These rules will assist start-ups to obtain access to publicly raised funds.

Initial public offerings

The rules governing the methods by which new applicants may bring securities to listing were relaxed in January 1996 to provide that any method may be utilized subject to certain disclosure requirements.

Material change reports

Changes to the general obligation of disclosure and related rules were made in January 1995. The obligation was expanded to make clear that changes in the financial condition of the company, in its trading performance and in the directors' expectation of its performance must be disclosed, if knowledge of that change is likely to lead to a substantial share price movement. At the same time, the general requirement to avoid the creation of a false market was clarified so as to remove any obligation for a company to correct false market rumours.

UNITED STATES

REGULATORY REQUIREMENTS FOR PUBLIC OFFERS

Registration Procedures

On December 13, 1994, the Commission adopted the following amendments to Form 20-F of the Exchange Act and Regulation S-X to streamline the financial information and reconciliation requirements for both foreign and domestic companies. The amendments generally cover both prospectus requirements and continuous reporting obligations.

Reporting Currency and Hyperinflation Accounting Amendments to accounting regulations included revisions allowing foreign issuers to state their primary financial statements in the currency reported to a majority of shareholders, rather than in the currency of either the issuer's country of incorporation or its primary economic environment. The amendments eliminated the reconciliation requirement for foreign private issuers accounting for their operations in hyperinflationary environments in accordance with International Accounting Standard No. 21, "The Effects of Changes in Foreign Exchange Rates." Securities Act Release No. 33-7117.

Business Combinations Amendments to Form 20-F eliminated the requirement that foreign issuers reconcile differences attributable to the determination of the method of accounting for business combinations or for amortization periods of goodwill or negative goodwill if the method used regarding these items conforms with International Accounting Standard No. 22, "Business Combinations." Securities Act Release No. 33-7119.

Equity Investees Amendments to Rule 3-09 of Regulation S-X modified the asset size test determining whether financial statements of an equity investee must be provided. The significance thresholds are measured solely in terms of the size of a company's investment in the investee and the investee's pre-tax income. Securities Act Release No. 33-7118.

Financial Schedules The Commission rescinded the requirement for financial schedules relating to short-term borrowings and supplementary income statement information. Securities Act Release No. 33-7118.

Pending Proposals

Solicitation of Interest Prior to an Initial Public Offering On June 27, 1995, the Commission proposed Rule 135d, to allow an issuer with no established market for its securities in the U.S. to "test the waters" for potential investor interest in the company before incurring the costs associated with the preparation of a Securities Act registration statement. The proposed rule provides that solicitations of interest, either written or broadcast, would not constitute an "offer" for purposes of the registration requirements of the Securities Act, provided they include certain specified information. Solicitations of interest would have to be submitted to the Commission on or before first use, and issuers who decide to proceed with a registered initial public offering would have to file a registration statement and provide investors with a prospectus. Securities Act Release No. 7188.

Elimination of Required Financial Statements for Pending Acquisitions On June 27, 1995, the Commission proposed to eliminate the requirement to provide audited financial statements for pending business acquisitions in Securities Act registration statements if such audited financial statements are filed within 75 days of consummation of the acquisition. The proposed rules would automatically waive the required financial statements for significant acquisitions completed within 75 days of a registered offering, if such audited financial statements are not readily available at the time the offer commences, and would automatically waive the earliest year of required audited financial statements if those financial statements are not readily available. Securities Act Release No. 7189.

Disclosures About Derivatives and Risk Management Activities On December 28, 1995, the Commission proposed rule amendments that would supplement disclosures currently required by generally accepted accounting principles and Commission rules and make information about derivative financial instruments, other financial instruments, and certain derivative commodity instruments more useful to readers assessing the market risk associated with these instruments. The proposed rules, which generally would apply to both prospectus requirements and continuous reporting obligations, clarify and expand existing requirements for financial statement footnote disclosures about the company's accounting policies for derivative financial instruments and derivative commodity instruments and require disclosure outside the financial statements of qualitative and quantitative information about market risk inherent in such instruments. Securities Act Release No. 7250. In a subsequent release on April 9, 1996, the Commission proposed a safe harbor for the new derivatives disclosure that constitutes forward looking information. The proposal would state that the safe harbor for forward looking information provided in Section 27A of the Securities Act and Section 21E of the Exchange Act would apply to quantitative information about market risk and information about market risk in future reporting periods. Securities Act Release No. 7280.

Electronic Delivery of Disclosure Documents

On October 6, 1996, the Commission issued an interpretive release providing guidance to issuers who use electronic media in complying with the delivery requirements of the federal securities laws. The release clarifies that information distributed over the internet or through other electronic means may be viewed as satisfying the delivery or transmission requirements if such

distribution results in the delivery to the intended recipients of substantially equivalent information as those recipients would have had if the information were delivered to them in paper form. Securities Act Release No. 7233. On May 9, 1996, the Commission issued a second interpretive release addressing issues associated with the electronic delivery of information by broker-dealers, transfer agents and investment advisers under certain Exchange Act and Investment Adviser Act rules. Securities Act Release No. 7288. On May 9, 1996 the Commission also adopted several technical amendments to rules and forms that are intended to codify some of the interpretations set out in the May 9, 1996 interpretive release. The rule amendments reflect the fact that issuers amy comply with these rules, originally premised on paper delivery, so long as reasonable alternative means are employed. Securities Act Release No. 7289.

CONTINUING REPORTING OBLIGATIONS

Relief from Exchange Act Registration for Small Issuers On May 1, 1996, the Commission amended its rules to raise the total assets threshold for entry into and exit from the full disclosure system. Under the new rules, an issuer that has 500 or more equity security holders of record (including, for foreign issuers, more than 300 such security holders in the U.S.) and total assets of $10 million or more (rather than the previous $5 million threshold) must register its securities under Section 12(g) of the Exchange Act and comply with the periodic reporting requirements of that Act. Securities Exchange Act Release No. 37157.

RESTRICTIONS APPLYING TO PRIVATE PLACEMENTS

New Exemption for Certain California Limited Offers On May 1, 1996, the Commission adopted an exemption from the registration requirements for offers and sales of securities, in amounts up to $5 million, that satisfy the conditions of a 1994 exemption from California state qualification requirements. The California exemption provides that issuers may engage in written general solicitations of interest, with certain limitations on content, and that offers and sales may be made to "qualified purchasers" only. Purchasers would receive restricted securities. No filing with the Commission is required. The federal antifraud prohibitions continue to apply to offers and sales made pursuant to the new federal exemption. Securities Act Release No. 7285.

Pending Proposal to Shorten Holding Periods Under Rule 144 On June 27, 1995, the Commission proposed amendments to shorten the holding period requirements of Rule 144 under the Securities Act. The rule provides a safe harbor for resale of securities by persons who hold either "restricted" securities, or securities of a company of which they are affiliates. Under the current rule, limited sales of "restricted" securities may be made two years after the securities have been sold by the issuer or an affiliate, and the securities may be sold without limitation upon the expiration of three years from the issuer or affiliate sale. The proposed amendments to Rule 144 would shorten these holding periods to one year and two years, respectively. The amendments are intended to increase the usefulness of the safe harbor and reduce the cost of private capital formation. Securities Act Release No. 7187.

STABILIZATION AND OTHER CONTROLS ON DEALING

Activities by Issuers, Underwriters, and Others During a Distribution

Exemptions for multinational offerings. Rules 10b-6, 10b-7, and 10b-8 ("Anti-manipulation Rules") under the Exchange Act, which apply to securities distributions in the United States, are designed to prevent market manipulation. Rule 10b-6 prohibits persons participating in a distribution from bidding for or purchasing, or inducing other persons to bid for or purchase, securities that are the subject of a distribution (or any security of the same class or series or any right to purchase any such security) until their participation in the distribution is complete. Exceptions to the general prohibitions of Rule 10b-6 include stabilizing transactions permitted by Rule 10b-7 and transactions in rights permitted by Rule 10b-8.

The principal trading markets for foreign securities generally are outside the United States. Nonetheless, fraudulent and manipulative conduct undertaken in these markets could affect distributions in the United States. Since 1955, the Commission has held that, in distributions of foreign securities in the United States, the Anti-manipulation Rules apply to all distribution participants and their affiliated purchasers, wherever they are located or effect transactions. As multinational offerings have become more common, however, application of the Anti-manipulation Rules to overseas transactions often has conflicted with customs and market practices of other jurisdictions. The rules may impose compliance burdens and costs on foreign issuers, foreign underwriters, and their affiliates.

The Commission has eased these effects with exemptions for individual, and classes of, transactions. The exemptions balance the need to protect U.S. investors from the abuses that the Anti-manipulation Rules are intended to address, with the costs of applying those rules abroad. The exemptions accommodate foreign trading practices where the risk of manipulative effects in the United States from foreign activities is reduced, and the Commission has access to information about overseas transactions.

In October 1993, the Division of Market Regulation, pursuant to delegated authority, issued class exemptions from the Anti-manipulation Rules for distributions in the United States of actively-traded equity securities of certain highly capitalized German issuers. Letter regarding Distributions of Certain German Securities, Securities Exchange Act Release No. 33022 (October 6, 1993), 58 FR 53220 ("German Letter"). The German Letter permits distribution participants and their affiliated purchasers to effect transactions in Germany in the security being distributed ("Qualified German Security") and related securities, subject to certain conditions, including disclosure, recordkeeping, record production, and notice requirements. Generally, in order to qualify for the exemptions in the German Letter, the issuer must be a German company having outstanding a component security of the Deutscher Aktienindex ("DAX") (or be a subsidiary of such issuer), and the offered security must be: (i) a DAX component security; (ii) an equity security with an average daily trading volume ("ADTV") that equals or exceeds US$5 million in value; or (iii) a security that is convertible into, exchangeable for, or a right to acquire, a security of a German issuer described in (i) or (ii). These issuers also must have a market capitalization in excess of US$1 billion. The German Letter exemptions also require that certain disclosures be made in the offering materials regarding the activities that may

be undertaken by the distribution participants during a distribution of Qualified German Securities, and that proprietary transactions be effected or reported through the facilities of the German stock or options exchanges. All proprietary and discretionary customer trades, as well as certain other customer trades, must be reported to an independent German entity, and such information must be made available to the Commission's Division of Market Regulation upon request. Moreover, all transactions in the United States must be effected in compliance with the Anti-manipulation Rules.

In November 1993, shortly after the issuance of the German Letter, the Commission published a Statement of Policy announcing the Commission's policy of providing class exemptions from the Anti-manipulation Rules to facilitate multinational distributions of actively-traded securities of highly capitalized issuers of other foreign jurisdictions. These exemptions were to be subject to substantially similar principles, terms, and conditions as those applied to the exemptions in the German Letter. Application of Rules 10b-6, 10b-7, and 10b-8 during Distributions of Certain Foreign Issuers, Securities Exchange Act Release No. 33137 (November 3, 1993), 58 FR 60324 ("November 1993 Policy Statement").

Consistent with the November 1993 Policy Statement, the Division of Market Regulation, pursuant to delegated authority, has issued additional class exemptions intended to ameliorate the conflicts between the requirements of the Anti-manipulation Rules and other regulatory requirements and practices in foreign jurisdictions. Class exemptions have been issued to facilitate distributions in the United States of the securities of certain highly capitalized French and Dutch issuers. Letter regarding Distributions of Certain French Securities, Securities Exchange Act Release No. 34176 (June 7, 1994), 59 FR 31274 ("French Letter"); Letter regarding Distributions of Certain Dutch Securities, Securities Exchange Act Release No. 36412 (October 19, 1995), 60 FR 55391 ("Dutch Letter"). The French Letter and the Dutch Letter permit distribution participants and their affiliated purchasers to effect transactions in France and the Netherlands, respectively, in the security being distributed ("Qualified Security") and related securities, subject to certain trading volume, disclosure, recordkeeping, record production, and notice requirements substantially similar to those set forth in the German Letter.

The Commission also has granted class exemptions from the Anti-manipulation Rules to facilitate distributions in the United States of the securities of certain highly capitalized United Kingdom issuers and of certain issuers whose securities are traded on SEAQ International. Letter regarding Distributions of Certain United Kingdom Securities and of Certain Securities Traded on SEAQ International, Securities Exchange Act Release No. 35234 (January 10, 1995), 60 FR 4644 ("U.K. Letter"). The U.K. Letter permits distribution participants and their affiliated purchasers to effect transactions in the United Kingdom in certain qualified U.K. securities ("Qualified U.K. Securities") or SEAQ International securities ("Qualified SEAQ International Securities"), and related securities, subject to certain conditions. The exemptions for both Qualified U.K. Securities and Qualified SEAQ International Securities are conditioned upon disclosure, recordkeeping, record production, and notice requirements, and, in the case of the exemption for Qualified U.K. Securities, also upon trading volume requirements, substantially similar to those set forth in the German, French, and Dutch Letters. The exemption for Qualified SEAQ International Securities is further conditioned,

generally, upon the distributed security being a "Qualified German Security" or a "Qualified French Security," as defined in the German Letter and the French Letter, respectively, or any other security that qualifies for an exemption pursuant to the November 1993 Policy Statement, or a security that is of the same class and series as, or a right to purchase, a Qualified SEAQ International Security.

Cooling-off periods applicable to distributions of foreign securities. In April 1994, the Division of Market Regulation, pursuant to delegated authority, amended an exemption from Rule 10b-6 to clarify the application of the rule's cooling-off periods to distributions of foreign securities in the United States. A nine business day cooling-off period is available for a distribution of any security of a foreign issuer, subject to Commission notification, recordkeeping, and record production requirements. A two business day cooling-off period is available for securities and depositary shares evidencing those securities if the foreign ordinary or depositary shares meet the rule's US$5/400,000 share criteria (i.e., stock with a minimum share price of $5 and a public float of at least 400,000 shares). If either the ordinary or depositary shares qualify, the ordinary or depositary shares, wherever traded, also would qualify for the two business day cooling-off period. Where foreign ordinary or depositary shares trading in the United States do not satisfy the US$5/400,000 share criteria, transactions in foreign ordinary or depositary shares still may qualify for the two business day cooling-off period if, in addition to satisfying the requirements of the nine business day cooling-off period, the aggregate world-wide published ADTV in the offered security equals or exceeds the equivalent of US$250,000. Letter regarding Application of Cooling-Off Periods under Rule 10b-6 to Distributions of Foreign Securities, Securities Exchange Act Release No. 33862 (April 4, 1994), 59 FR 17125.

Exemption from Anti-manipulation Rules for Rule 144A Sales. On November 3, 1993, the Commission adopted exceptions from the Anti-manipulation Rules for distributions in the United States of securities of a foreign government or a foreign private issuer, as defined in Rule 3b-4 under the Exchange Act, eligible for resale pursuant to Rule 144A under the Securities Act, when such distributions are made solely to qualified institutional buyers ("QIBs"), in transactions exempt from Securities Act registration requirements under Section 4(2) of, or Rule 144A or Regulation D under, the Securities Act. Securities Exchange Act Release No. 33138 (November 3, 1993), 58 FR 60326 (adopting release).

In February 1994, the Commission granted an exemption from the Anti-manipulation Rules with respect to market activities by distribution participants and their affiliated purchasers during offerings of foreign securities eligible for resale pursuant to Rule 144A under the Securities Act that are made to non-U.S. persons within the meaning of Rule 902(o)(2) or Rule 902(o)(7) of Regulation S. Specifically, offers and sales may be made pursuant to Regulation S to: (1) discretionary or similar accounts (other than an estate or trust) held for the benefit or account of a non-U.S. person by a U.S. fiduciary, as described in Rule 902(o)(2) under the Securities Act; and (2) international organizations and their agencies, affiliates, or pension plans, as described in Rule 902(o)(7) under the Securities Act. Letter regarding Regulation S Transactions during Distributions of Foreign Securities to Qualified Institutional Buyers [1993-1994] Fed. Sec.

L. Rep. (CCH) & 76,851 (February 22, 1994) ("February 1994 Letter"). The Commission subsequently modified the February 1994 Letter by rescinding the condition requiring that offers and sales must be made in compliance with the broker-dealer registration provisions of Section 15 of, or consistent with an exemption pursuant to Rule 15a-6 under, the Exchange Act. The modification letter, however, reiterated the language of the February 1994 Letter, stating that a foreign broker-dealer that solicits transactions with discretionary or similar accounts of non-U.S. persons held by a U.S. resident fiduciary, including a U.S. registered investment adviser, but not including a U.S. registered broker or dealer or a bank acting in a broker or dealer capacity as permitted by U.S. law, must be registered with the Commission pursuant to Section 15 of the Exchange Act, or effect such transactions in accordance with subparagraph (a)(3) of Rule 15a-6. Letter regarding Regulation S Transactions during Distributions of Foreign Securities to Qualified Institutional Buyers (March 9, 1995).

Conditional exemption for certain subsidiaries of CS Holding. In March 1995, the Commission granted conditional exemptions from the Anti-manipulation Rules to certain subsidiaries ("Qualifying Subsidiaries") of CS Holding, a Switzerland-based company whose subsidiaries include a U.S. registered broker-dealer and a Swiss universal bank, to engage in certain transactions when other of CS Holding's subsidiaries are participating in a distribution of securities in the United States. The exemptions address the impact of the Anti-manipulation Rules on universal banks, which otherwise would be deemed to be "affiliated purchasers" and thereby subject to the rules' restrictions. Letter regarding CS Holding [1995] Fed. Sec. L. Rep. (CCH) & 77,018 (March 31, 1995) ("CS Holding Letter").

The exemptions in the CS Holding Letter do not apply to an otherwise Qualifying Subsidiary that is engaged in a distribution as an issuer, underwriter, prospective underwriter, or selling group member. Moreover, the exemptions are subject to the following conditions: (i) each CS Holding subsidiary that is a U.S. broker-dealer ("non-Qualifying Subsidiaries") must establish, maintain, enforce, and audit written policies and procedures to separate its activities in connection with distributions of securities from the securities and derivatives trading operations of Qualifying Subsidiaries; (ii) any breach of the required information barriers followed by immediate trading by a Qualifying Subsidiary prior to the completion of the relevant distribution must be reported immediately to the Division of Market Regulation; (iii) Qualifying Subsidiaries must retain certain records for at least two years and must supply those records to the Division of Market Regulation upon request; and (iv) each non-Qualifying Subsidiary must conduct an independent review of its compliance during the calendar year with the conditions of the CS Holding Letter or, if applicable, file a statement with the Division of Market Regulation representing that it did not participate in any distributions during the calendar year.

Proposed Regulation M. On April 11, 1996, the Commission published a release proposing a substantial restructuring of the Anti-manipulation Rules, as well as Rules 10b-6A and 10b-21 under the Exchange Act. Securities Exchange Act Release No. 37094 (April 11, 1996), 61 FR 17108 ("Release"). The Release follows the Commission's April 19, 1994 publication of a concept release soliciting comment on potential revisions to the Anti-manipulation Rules. Securities Exchange Act Release No. 33924 (April 19, 1994), 59 FR 21681.

Proposed Regulation M is intended to accomplish several objectives, including the simplification of the offering process and the elimination of unnecessary costs and burdens imposed on offering participants under the Anti-manipulation Rules. Proposed Regulation M would achieve these goals by reorganizing the structure of the rules, reducing their complexity, and eliminating or relaxing existing restrictions in those circumstances where either the risk of manipulation appears small, or the costs of the restrictions are disproportionate to the purposes that they serve. Many of the proposed amendments would codify the previously described exemptive and interpretive positions under the Anti-manipulation Rules. The Commission also believes that separate regulation of rights offerings, currently governed by Rule 10b-8 under the Exchange Act, may no longer be warranted. Accordingly, the Release proposes the rescission of Rule 10b-8, and proposed Regulation M would deregulate rights offerings.

The proposed regulation is comprised of six rules: 100 through 105. Proposed Rule 100 would contain definitions applicable to all of the rules under Regulation M. The activities currently regulated by Rule 10b-6 would be regulated by proposed Rules 101 and 102:

Rule 101: Activities by distribution participants. Rule 101 would prohibit distribution participants (underwriters, prospective underwriters, and participating brokers and dealers) and their affiliated purchasers from bidding for, purchasing, or attempting to induce any person to bids for or purchase, a covered security (i.e., the security that is the subject of the distribution, and any security whose price is, or may in the future be, used to determine, in whole or in significant part, the value of such security) during the applicable restricted period. Securities proposed to be excepted from the rule include actively-traded securities, i.e., securities with an ADTV value of $1 million or more, and investment grade nonconvertible securities. For securities not excepted from the rule, the restricted periods would be keyed off of the pricing of the security. Securities with an ADTV value of at least $100,000, but less than $1 million would have a restricted period of one business day. The restricted period for securities with an ADTV value of less than $100,000 would be five business days.

Among the activities proposed to be excepted from Rule 101 are: (1) the dissemination of research reports that satisfy Securities Act Rules 138 and 139; (2) stabilizing transactions complying with Rule 104; (3) odd-lot transactions; (4) exercises of securities, including all exercises of standardized call options; (5) unsolicited brokerage transactions; (6) certain purchases made in connection with bona fide basket transactions; (7) inadvertent, de minimis violations involving a bid that is not accepted or purchases aggregating less than 1% of the security's ADTV, if the firm has established procedures to achieve compliance with the rule; (8) certain transaction in Rule 144A eligible securities; and (9) certain transactions in connection with the distribution.

Rule 102: Activities by issuers and selling securityholders during a distribution. Rule 102 would prohibit issuers, selling securityholders, and their affiliated purchasers from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any covered security, during the applicable restricted period. Many of the proposed provisions of Rule 102 are the same as those proposed for Rule 101. A key difference, however, is the absence of an exception for actively-traded securities. Moreover, the excepted activities under proposed Rule 102 would be limited to: (1) odd-lot transactions; (2) transactions complying with Rule 23c-3 under the Investment Company Act of 1940; (3) exercises of securities, including all exercises of standardized call options; and (4) offers to sell or the solicitation of offers to buy the securities being distributed. Generally, the other rules proposed under Regulation M are:

Rule 103: Nasdaq passive market making. Proposed Rule 103 would replace Rule 10b-6A, and would permit passive market making on Nasdaq in any Nasdaq-quoted security.

Rule 104 and companion rules: Stabilization and other activities in connection with an offering. Rule 104 would replace Rule 10b-7 and would regulate the prices at which underwriters are permitted to stabilize the price of a security to facilitate an offering. An exception for stabilizing during Rule 144A distributions by foreign and domestic issuers was proposed. As proposed, Rule 104 also would, among other things: (1) allow stabilizing bids to reference the price in a security's principal market, and would permit stabilizing bids to follow the independent market upward and downward, capped by the offering price; (2) permit stabilizing bids to be adjusted to reflect exchange rate fluctuations; and (3) eliminate distinctions between exchange-traded and over-the-counter securities.

Although Rule 104's price restrictions would not extend to after-market activities, Rule 104 and certain related provisions proposed to require more specific disclosure of stabilization, syndicate covering transactions, and penalty bid activities. In addition, prior notice of a syndicate covering transaction or penalty bid to the self-regulatory organization with direct authority over the market on which such transaction is effected or such bid is placed or transmitted was proposed.

Rule 105: Short selling in connection with a public offering. As proposed, Rule 105 would prevent manipulative short sales in anticipation of a public offering by prohibiting the covering of such short sales with securities obtained from an underwriter, broker, or dealer who is participating in the offering. The period during which such short sales would be prohibited would be shortened from that provided in Rule 10b-21 to cover only the period commencing five business days prior to the pricing of an offering and ending with such pricing.

OTHER ISSUES BEARING ON INTERNATIONAL EQUITY OFFERS

Safe Harbor for Forward-Looking Statements On December 22, 1995, the Private Securities Litigation Reform Act was enacted by the U.S. Congress. The Act provides over two dozen separate changes to the federal securities laws, including the addition of a statutory safe harbor for forward-looking statements. The

purpose of the safe harbor is to encourage projections and other forward-looking statements by providing protection from liability for such statements. The safe harbor applies to both prospectuses and continuous reporting documents. It is not available for initial public offerings.

Pending Proposal Regarding Reporting of Beneficial Ownership On July 3, 1996, the Commission proposed amendments to the rules for reporting beneficial ownership in public companies under Section 13(d) of the Exchange Act. The proposals would make the shorter form Schedule 13G available, in lieu of the long form Schedule 13D, to all investors who beneficially own less than 20% of the outstanding class of securities that do not acquire or hold the securities for the purpose of, and do not have the effect of, changing or influencing the control of the issuer of the securities. Securities Exchange Act Release No. 37403.

APPENDIX A

RECOMMENDATIONS OF THE 1989 REPORT

1. Disclosure/Harmonization

(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 harmonized 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 harmonization 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 harmonized 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 globalization 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 minimizing 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 organizations 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 harmonized.

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. Stabilization and Other Control Over Dealings

Study of stabilization 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, stabilization) 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 authorized market prices 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 standardization 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 standardization 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 foreign 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

MEMBERS OF WORKING PARTY NO. 1

Mr. Peter Clark and Mr. Stuart Grant	Australian Securities Commission
Mr. Claude Lempereur and Ms. Francoise Herbay	Commission Bancaire et FinanciPre, Belgium
Mr. James Saloman	Ontario Securities Commission
Mr. HervJ Phillipe, Ms. Isabelle Kyberd and Mr. Francis Desmarchelier	Commission des Operations de Bourse, France
Mr. Herbert Biener	Ministry of Justice, Germany
Mr. Armin Woelk	Federal Securities Supervisory Office, Germany
Mr. Charles Grieve	Securities and Futures Commission, Hong Kong
Mr. Carlo Biancheri and Mr. Angelo Apponi	Commissione Nazionale per le SocietB e la Borsa
Mr. Mikio Nakaune	Ministry of Finance, Japan
Mr. Charles Kieffer	Commissariat aux Bourses, Luxembourg
Mr. Jorge Familiar Calderon	Comision Nacional Bancaria y de Valores, Mexico
Mr. Hans van Nijnattan and Mr. Gys G.M. Bak	Securities Board of the Netherlands
Mr. Rafael S<nchez de la PeZa	Comisi\n Nacional del Mercado de Valores, Spain
Mr. Michel Y. DJrobert and Mr. Urs Brhgger	Swiss Stock Exchange
Mr. Patrick Morton	The London Stock Exchange
Mr. John Barrass	U.K. Securities and Investments Board

Ms. Meredith Cross (Chairman) U.S. Securities and Exchange Commission

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