

SUBMISSION TO ESMA

Call for evidence on the request for technical advice on possible delegated acts concerning the Prospectus Directive (2003/71/EC) as amended by the Directive 2010/73/EU

The European Federation of Employee Share Ownership (EFES) fully supports the following submission by ifs Proshare.

The main aim of the EFES is to promote the development of employee ownership over Europe, as a mean of progress and productivity for companies, a mean of economic and social performances, and a mean of employment enhancement. The EFES is an open organisation acting as the umbrella organization of employee owners, companies and all persons, trade unions, experts, researchers, institutions looking to promote employee ownership and participation in Europe. The EFES was recognized by the European Commission (DG Enterprises & Industry) as European Business Representative Organisation in the field.

The EFES is a European organisation located in Brussels, with the statute of an international not-for-profit association. It gathers organisations, companies and individuals in all countries of the European Union. Its Board of Directors consists of representatives of organisations and companies from all EU countries. It also works in partnership with similar organizations in all other regions of the world (including USA, Australia, Asia, Africa and others).

Members and partners of the EFES are

- Almost all organizations promoting employee share ownership, associations and federations of employee owners in European countries.
- Top companies like British Telecom, EADS, Voestalpine, France Telecom, Vivendi, Mondragon Corporacion Cooperativa, ... as well as small and medium sized ones.
- Trade unions and representatives of workers' unions (CISL, CGT, DirCredito, UIL, etc.)
- Experts and consultants.
- Almost all researchers and university centres working in the issue.

Please feel free to contact us if we can be of any assistance in your submissions and review process.

We can be contacted through:

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The EFES' objective is to act as the umbrella organization of employee owners, companies and all persons, trade unions, experts, researchers, insitutions looking to promote employee ownership and participation in Europe.

Appendix: Submission by ifs Proshare

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Call for evidence on the request for technical advice on possible delegated acts concerning the Prospectus Directive (2003/71/EC) as amended by the Directive 2010/73/EU

ifs ProShare is a not-for-profit membership led organisation that acts as the voice of the employee share ownership industry in the UK. *ifs ProShare* was established by the Treasury, London Stock Exchange and a number of FTSE 100 companies in 1992. *ifs ProShare* has approximately 100 members. Our members include a wide range of enterprises; larger companies such as Asda, BP, BT, HSBC, Lloyds Banking Group and Marks & Spencer as well as share plan administrators and advisers such as Equiniti, Killik, Linklaters and PwC.

ifs ProShare is an essential point of liaison between employee share ownership industry professionals, service providers and companies committed to and involved in employee share plans and other employee share ownership schemes. *ifs ProShare* provides a forum for members to come together and share knowledge, ideas and expertise.

ifs ProShare provides information on share plans, encourages sharing of best practice, commissions research and engages in dialogue with relevant industry bodies. We represent the employee share ownership industry to policymakers, the media, the European Union and other regulatory and statutory bodies. We have worked closely with the EU Commission and EU Regulatory Authorities in the past, specifically in respect to the EU Prospectus Directive.

ifs ProShare has been instrumental in calling for changes to the EU Prospectus Directive (“the EUPD”) in respect to its impact on employee share ownership. In particular, concerns have been raised regarding the need for a reasonable and fair approach in the manner in which the EUPD impacts the offer of employee share plans. Evidence has been produced as to the adverse impact the costs involved in producing a prospectus can have on the offer of employee share plans to employees based within the EU Member States. As a result, *ifs ProShare* has lobbied for a widening of the employee share plan exemption.

1. *ifs ProShare* would like to see the employee share plan exemption changes (in relation to both EU companies and companies established outside the EU which are listed on third-country markets), introduced by the amending Directive 2010/73/EU (“the Amending Directive”), implemented as quickly as possible into the laws of Member States. We understand from our members that the delay on implementation is causing companies frustration and additional costs which are having a related detrimental effect on employees. Each month that goes by either means that a company has to prepare a prospectus unnecessarily or some employees do not participate in a global share

plan due to the expense of a prospectus outweighing the benefits to employees.

2. **ifs ProShare** consider that the criteria set out in the Amending Directive for determining which third-country exchanges can be considered to be 'equivalent exchanges' is sufficient. We do not see the necessity to impose additional requirements over and above the requirement that an exchange should be governed by equivalent requirements to those imposed by an EU regulated exchange, which would result in further delay and require further work.
3. **ifs ProShare** would like to see speedy agreement to the main global exchanges outside the EU being treated as 'equivalent exchanges' in priority to other exchanges but other exchanges should follow shortly behind.

The main global stock exchanges for equivalency treatment by ESMA (in alphabetical order):

- *Australian Stock Exchange
- *Hong Kong Exchange
- *Johannesburg Stock Exchange
- *New York Stock Exchange
- **NASDAQ
- *Tokyo Stock Exchange
- *Toronto Stock Exchange
- **SIX Swiss Exchange

*is on the FSA's list of Designated Investment Exchanges

** is on the list of Recognised Overseas Investment Exchanges

Please feel free to contact us if we can be of any assistance in your submissions and review process. Our Head of Employee Share Ownership, Alexy Armitage, has attended EU Commission and EU Regulatory Authority meetings in the past and would be interested in being further involved in this process. Alexy Armitage can be contacted at ifs ProShare by email at aarmitage@ifslearning.ac.uk, by telephone on 44(0)2074447104 or at our address in London; 8th Floor, Peninsular House, 36 Monument Street, London EC3R 8LJ, United Kingdom.