



Brussels, 28 September 2017

EACB Response to the ESMA Consultation Paper on the Consultation Paper on scrutiny and approval

September 2017

The **European Association of Co-operative Banks** ([EACB](http://www.eacb.coop)) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 28 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 4,050 locally operating banks and 58,000 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 210 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 79 million members and 749,000 employees and have a total average market share of about 20%.

For further details, please visit www.eacb.coop



Name of the company / organisation	EACB
Activity	Banking sector
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Belgium

Introduction

Please make your introductory comments below, if any:

The European Association of co-operative Banks (EACB) strongly supports the objectives of improving certain requirements in order to alleviate the burden for companies, which draw up a prospectus (especially SMEs), and to make the prospectus a more valuable information tool for potential investors.

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In this context, we welcome ESMA's endeavours and the we are happy to provide some feedback to certain aspects of the relevant consultations. When it comes to the specific consultation on scrutiny and approval, the EACB only provides a response to Q2, without prejudice to the importance of the rest of the issues dealt with herein for EACB and its members.



Q2 : Do you agree that NCAs should apply different criteria when assessing the comprehensibility of retail and wholesale prospectuses? If yes, do you agree with the criteria proposed in Article A(2)? Please make an alternative proposal if you do not agree with these criteria.

The EACB agrees that NCA should apply different criteria when assessing the comprehensibility of retail and wholesale prospectus. We agree too with criteria proposed in Article A.2. on this item even though we would point out that the comprehensibility of prospectus depends also from the complexity of the product.

In addition, we suggest applying different criteria in the case of prospectuses for retail investors (in particular prospectuses of non-equity securities). The retail prospectuses could cover a wide range of products with different complexity levels (from plain vanilla bonds to complex structured products). Given that such complexity level may differ, the level of comprehensibility and disclosure of a prospectus could depend on the specific complexity of the products set out under such prospectus. For instance, the level of disclosure required in connection with a prospectus of plain vanilla bonds should be less stringent than the disclosure level for a prospectus of structured products.

Contact:

The EACB trusts that its comments will be taken into account.

For further information or questions on this paper, please contact:

- Ms Marieke van Berkel, Head of Department (marieke.vanberkel@eacb.coop)
- Ms Ilektra Zarzoura, Senior Adviser, Financial markets (ilektra.zarzoura@eacb.coop)