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**FESE response to
CESR revised draft Technical Advice on Possible Implementing Measures of the
Transparency Directive (Ref: CESR/05-267)**

FESE is the representative organisation of Europe's Regulated Markets offering trading in securities and derivatives and has incorporated EACH, the European Association of Central Counterparty Clearing Houses. Our Membership comprises all Members States of the EU as well as the countries of the EFTA.

We welcome that CESR has again published an extensive consultation paper on its draft for technical advice in response to the Commission's mandate. We appreciate the opportunity to submit comments and regret the delay in our response beyond CESR's deadline.

We are aware that several of our Members have made individual comments. We expressly refer to these submissions; they do in certain cases focus on particularities in these Members' environment and may therefore provide additional specific insight to CESR.

Ad Question 1

Federation and its Members have consistently underlined the role of competition in forming European markets. From this perspective we have several comments.

We agree with CESR's advice that connections with media have to be of such extent as to enable dissemination in a widely and timely manner.

CESR however should be reluctant to specify which particular newspapers/agencies/websites they consider to be acceptable. In particular, we believe that it should not be mandatory to have connections with newspapers due to a huge range of financial information that in certain circumstances/national environments may be disclosed to the markets. We understand through verbal confirmation at the open hearing that it is not CESR's intention to mandate any specific distribution channels and we applaud this approach. FESE represents the opinion that in this particular case a minimum regulatory intervention is the best solution; hence there should only be the obligation to connect to sufficient media to satisfy the requirement of article 21 of the Transparency Directive to achieve fast, pan European, non discriminatory disclosure.

FESE draws CESR's attention to the fact that the meaning of such terms as "newspapers" and "news agencies" remains undefined. In view of speedy developments in the markets CESR should, together with market participants, specify the meaning of such terms in order to avoid confusion among service providers and issuers over what is required of them and whether they have met the criteria.

There is, among several FESE Members, a view, that some media, notably financial media, should make all the information that they receive available in a complete and unedited form. If this were not the case, issuers with a small or medium market capitalisation would face the risk that their price-sensitive news will not be further distributed at all.

FESE would like to draw the CESR's attention that in the proposal, there is no reference whatsoever to the role and the involvement of stock exchanges in the dissemination flow. In case of admission to trading upon the issuer's request, only a direct stream of information from the issuer to the Stock Exchange could allow for effective market surveillance as required by the legal set. We hope that CESR will give this remark particular attention.

Ad Question 2

Members of the Federation agree that the main principle is to achieve as wide dissemination as possible as this is in a common interest of both, issuers and investors.

We support the role of the "financial media" or electronic news agencies with an EU-wide coverage, especially if the a list of such news agencies that either singly or in combination offer a sufficient degree of both national and EU-wide, fast and non-discriminatory access to price-sensitive information is to be supplied. FESE gives great importance to the idea of an electronic media with a multiplier function for the EU financial markets which would play a key role in the dissemination of regulated information.

Ad Questions 3 and 4

Members of FESE agree that speed and security of transmitted information is of the greatest importance.

Majority of our Members are of the opinion that CESR should recommend that the connections between issuers/service providers and media be based on electronic systems and that regulated information be sent in electronic format; otherwise the requirement of "fast access" set out in Art. 21 (1), sentence 1 of the Transparency Directive would be difficult to fulfil. The transmission of data between issuer and media needs to take place in a format that allows media, especially news agencies, to further disseminate or process the news automatically, with a minimum of manual intervention. This does not necessarily imply the uses of dedicated lines. Any data feed would be sufficient provided that it is safe, fast and reliable.

Ad Questions 5 and 6

FESE agrees with CESR that exact issuer identification would be necessary and would reduce the risk of confusion in the market and assure high standards. FESE Members also agree that the identification system should begin to exist as soon as possible.

It is certain that the adoption of the ISIN is not suitable because such a code is assigned to each financial instrument issued by a company and the company might have multiple different ISIN codes depending on their multiple financial instruments.

Ad Questions 7 and 8

FESE supports the idea of establishing a method, or a code, by which there would be a single and unique number of identifying each announcement that an issuer makes and which would be valid on a European basis. Such a code could also be used for storage.

Ad Questions 9, 10 and 11

We agree with the principle that issuers should be free to choose whether to disseminate regulated information by themselves or via a service provider, provided that the same high standards are maintained.

While conflicts of interest need to be addressed, accumulation of functions should in principle not be prohibited. FESE is of the opinion however, that when competent authorities act as service providers, they should be required to comply with all minimum standards imposed on all service providers/issuers. Perhaps even, competent authorities should not act as service providers at all. Competing commercial service providers are in a better position to provide efficient and user-oriented systems, and the participation of a government agency in this market could effect in competition distortion.

Stock Exchanges should not mandate the use of their services as service providers since this would again contradict the principle of fair competition between such service providers. However, they should be allowed to operate such services either directly or via subsidiaries.

Ad Questions 12 and 13

Pricing should be governed by market forces. One of the unintended consequences of mandating that downstream media receive the information for free is that costs may have to be passed on to issuers. We shall also in this point emphasise that service providers potentially add value by formatting the regulated information for automatic redistribution to other media.

Ad Question 14

FESE considers it useful and practicable to require a document from service providers showing how they meet the dissemination standards and requirements. Such a document is indispensable for highlighting the services of a service provider and their compatibility with the requirements set by the Transparency Directive. It should be sent to the supervisor as well to be referred to in cases of legal conflict.

Ad Question 15

There are, undeniably pros and cons of a possible approval of operators. On the one hand, such an approval would guarantee a high quality of service providers, and it would give issuers an assurance that they will fulfil their transparency obligations if they use a particular service provider. On the other hand, the approach entails high supervision cost, and it increases market entry barriers. It seems worthwhile to further discuss this issue on the CESR level.

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