

P.O. Box 2889, 6401 DJ Heerlen, The Netherlands

CESR
Mr Andres Trink
Chairman Expert Group Transparency
11-13 Avenue de Friedland
75008 PARIS
France

Heerlen,
January 19, 2005

Phone:
+31 45-579 1531

Internet:
www.abp.nl

Visiting Address:
Oude Lindestraat 70
6401 DJ Heerlen
The Netherlands

Fax:
+31 045 579 4033

Dear Andres and colleagues,

Further to the Consultation Paper of October 2004 on the dissimulation and storage of regulated information, our meeting of December 7th 2004 and the documents received hereby my considerations and advice.

First of all I would like to emphasize that developing a storage mechanism on European level is a highly ambitious project. This is even the case on a consolidating enterprise group level and certainly on a National level. Having said that the initiative provides an excellent opportunity to develop a best practice European system. Of course, simplicity of concept and adherence to market standards are some of the most important design criteria.

It is important to point out that the scope will be regulatory information only. Therefore it is important to focus solely on the minimal required information apart from other possible relevant information. It implies that at this stage no "value added services" should be included. Loosening the focus will result in nice-to-haves instead of need-to-haves and will also lengthen both the project duration and it will increase the risks for (a timely) realization. This minimal required information includes (i) the annual financial reports, (ii) the half yearly financial reports, (iii) the interim management statements and (iv) the major shareholder information. In terms of standards adhering to IFRS and IAS standards as well as well predefined attributes for the reports is key.

Given its importance for the overall integration of the European Capital Markets as well as for realizing an improved investor protection, an improved market efficiency and an improved investors confidence it is of the utmost importance that the minimal required information flow will not depend on coincidences or on the best efforts of commercial market parties such as the media.

Without having any intentions of being offensive and with full respect for the work that already has been completed I would recommend about the structure of the draft advice not to go into the details immediately. A workable and top down derived structure may be the following:

- given foundations
(such as only regulatory information, European scope et cetera);
- functional requirements
(such as one dataset from the source, real time, secured et cetera);
- business model
(such as process sequences, actors, responsibilities et cetera);
- realization options
(such as input capturing, data storage, output dissimulation et cetera);
- governance issues
(such as owners, partners and users as well as cost systems).

It is also advisable to (i) assess current de facto best practices in terms of both business models and system architectures (such as Edgar, Bloomberg and GTS) and to (ii) assess and adhere to market standards if and when possible (such as formats according to IFRS, communication protocols and security standards).

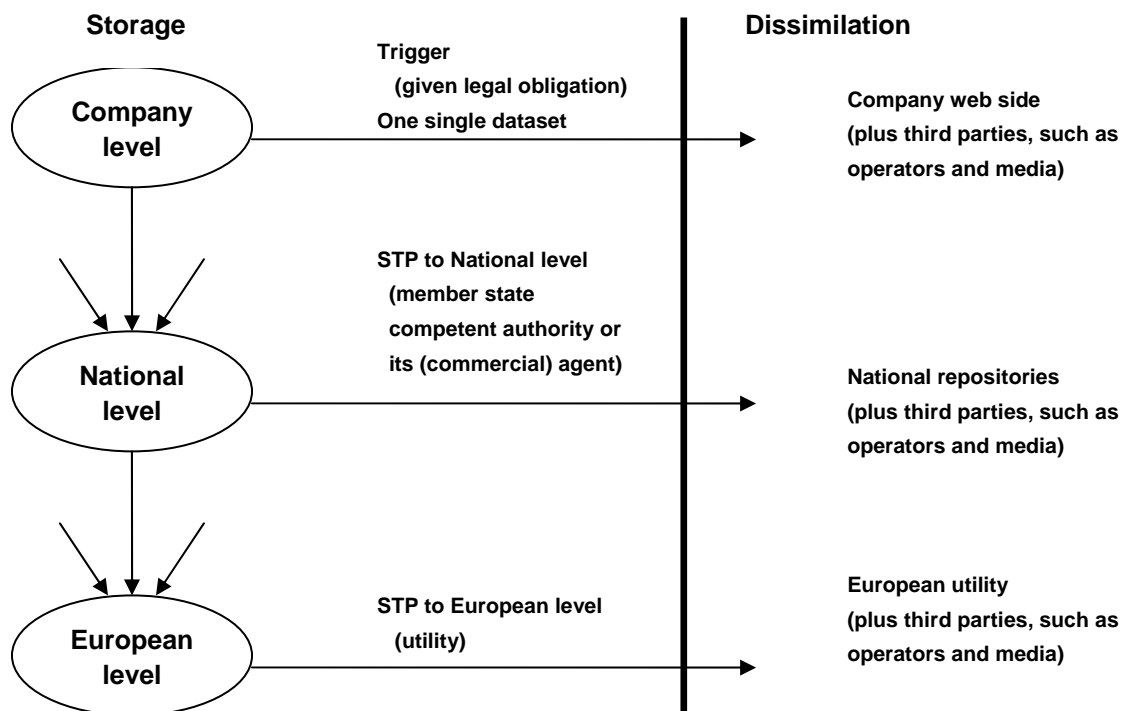
In terms of the concept a first order distinction should be made between (i) the storage and (ii) the dissimulation as well as a second order distinction between (i) the company level, (ii) the National level and (iii) the European level.

The dissimulation of information is relatively the simpler part given that this part may be further refined based on the current competing market practices.

The dissimulation of information on the company level runs among others through webs, operators and media. The dissimulation of information on the National level runs through the same channels but may also include systems of Member State Competent Authorities or its (commercial) agents. The dissimulation of information on the European level also includes the same channels and means.

The storage of data and information is much more complicated given the layers of input-storage-output sequences as well as the need for having a sustainable and foremost highly standardized environment.

The storage of data and information starts with an information outflow of a company. This information outflow of the companies is the data inflow at the National level. On the National level the data and information of all companies is stored. It is of the utmost importance that the data and information stemming from the companies is fully standardized (both a data management and a data quality management issue). The stored data and information on all National levels in their turn will be used as an information outflow to the European level. Of course, this process between the National and the European level has to be executed in real time so that no time delays will occur.



Regarding the storage both the National and the European level should be highly centralized. The most important arguments for full centralization are that centralization provides the best solution in relation to the following arguments:

- reusing existing compliance lines (certainty argument);
- safeguarding the data (quality argument);
- minimizing capital (cost argument);
- realizing scale (efficiency argument);
- securing simplicity (transparency argument).

The preferred realization for the National level for the storage of information is the one closely related to the Member State Competent Authority. This may be in the form of an agent (but preferably not a commercial agent given the importance). The preferred realization for the European level for the storage of information is the one of an utility that is related to the European Security Regulator.

As already pointed out in the way of working with the European Union and its bodies of advice, this contribution holds my best professional opinions and advices. These opinions or advices do not have to reflect those of Dutch (investment) companies, the opinion of ABP and-or the opinion of the Dutch professional bodies of which I am a member.

In the case you have additional questions or would like to receive additional information please do not hesitate to contact me. With best and personal regards as well as looking forward to our next meeting,

Ton Berendsen