



WARSAW STOCK EXCHANGE

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Response of the Warsaw Stock Exchange in relation to consultation concerning CESR'S Draft Technical Advice on Possible Implementing Measures of the Transparency Directive (ref: CESR/04-511)

General comments

Provision of easy and fast access to current and periodical reports submitted by issuers through a central data storage mechanism is no doubt an issue of great importance to all participants of integrating capital markets.

This issue requires however an extensive discussion involving all the interested parties. Particular attention should be paid to the manner the system is to be organised and the conditions on which issuers and investors participate in it, so that the ease of access and functionality are guaranteed for both sides.

It should thus be remembered that in reality the scope and conditions both organisational and technical which concern the project may make its efficient functioning quite difficult.

Detailed remarks

Question 1 – page 15

As far as distribution standards are concerned, one of the main principles should be to avoid fragmentation of the data stream (feed), as it poses a significant practical difficulty for individual investors.

Issuers should not charge any fee (in any form) for making the information available. However, making full information package available in real time on websites that can be accessed free of charge may significantly weaken interest of commercial vendors in offering the highest quality data.

Question 2 – page 15

Distribution of data on their own by the issuers cannot cause fragmentation of the data feed. Thus distribution via operators seems to be a better solution.



Question 3 – page 16

A sufficient criterion for considering a piece of information made public should be sending it to the operator. Such solution reduces issuers' costs and makes the procedure related to the disclosure requirement (publication of reports) easier.

Question 4 – page 18

We agree with the mechanism for submission of information via an intermediary – an operator - as presented on page 17 of the CESR's document. In the presented model it seems obvious that when the operator is involved in data distribution it may also charge fees for the service from the issuers and data recipients.

In our opinion issuers should pay the operators, particularly for data submitted in paper form or electronically in forms different from the standard (page 20 of the CESR's document points out the need for prompt publication by the operator also of the data received in paper form).

Operators should cover their cost also from fees charged from the media.

Deriving income from both sources should stop the fee charged from the media from being too high and thus negatively influencing the fees charged by the media from their subscribers.

Question 5 - page 18

Operators should be subject to licensing by relevant authorities for reasons indicated already in the material.

Approval for an entity to act as an operator should be issued by competent authorities. However activities of the operators should be supervised if a model assumption is competition on the market. Operators may differ as far as the level of the fees charged is concerned. However they should offer the same minimum standard of service. This would be ensured through oversight by competent authorities.

Question 6 - page 20

We accept CESR's proposal for minimum standards for operators.

Question 7 - page 20

Issuers should be obliged to use the intermediation of operators (as they guarantee technical efficiency, operational and technical support for issuers, etc.); however in the system which assumes existence of many operators and competition among them, an issuer should have a possibility to choose an operator according to its own criteria.

Question 8 - page 21

In the model in which a competent authority could be also an operator other operators should also be allowed.

Question 10 - page 22

It seems that option of equal and full access for investors would be best provided by a central (pan-European) distribution and archivisation mechanism (option c).

Question 13 /14 - page 29

It seems that the need for a minimum storage period indicated in the central storage mechanism to be named by CESR is well founded. As at the level of the Directive archivisation threshold was named only for financial reports (semi-annual and annual). In our opinion all issuers' reports should be accessible for the same time period and the 5-year period for archivisation of reports should be considered the necessary minimum.



General remark concerning *Role of the Officially Appointed Mechanism and Setting up a European Electronic Network of Information about Issuers*:

Central Storage Mechanism (CSM) should be serviced by a commercial entity (licensed as an operator) allowed to charge fee from investors.

Such the solution would ensure appropriate level of operation (particularly important if the CSM was to meet the real-time publication requirement).

Question 1 – page 38

We agree with CESR as far as the interpretation according to which the central storage mechanism does not mean physical archiving of data in one location. In our opinion data recipient should receive all data in one place (access point).

Question 2–8 - page 39-41

Central storage mechanism built based on information segregated by its type does not seem to be the optimum model.

The best solution seems to be one CSM in each country due to the benefits it offers to issuers and investors as listed on page 41 of the CESR's document.

Competition among professional information agencies will to a large extent foster the development of the offer.

Question 5-6 – page 40/41

It seems that construction of several central storage systems is a particularly complicated matter, additionally affecting costs incurred by issuers who (through an operator) will be obliged to transfer reports to several entities. Otherwise some storage systems will possess only reports of a group of companies (the ones cooperating with them).

The situation in which the central storage system does not possess all the reports of all the companies but only some of them will be unfavourable both for the issuers and data recipients.

Question 7 – page 41

In our opinion developing models of operation for one central storage system seems a possible and workable option.

Question 8 – page 41

Benefits of creating one central storage system in every EU member state:

- lower costs for issuers than in case of several central storage systems,
- system more transparent for investors and market participants,
- easier to launch.

Question 9 – page 43

Investors should receive information concerning issuers directly from the central storage system, which in our opinion is coherent with the purpose for which the institution is created (option ii).

Question 10 – page 43

We do not see any particular advantage of the system in which information would be provided to investors by a system made available by competent authorities.

Question 11/12 - page 45

The best option seems to be receipt of all the information from the operators (iv). This is the best solution for issuers and the safest from the regulatory and organisational perspective.

It seems that CESR may accept one option concerning the possibility of data transfer to the central storage mechanism having in mind the necessity of maintaining system transparency, ease of service and costs.



Question 13 - page 46

The obligation of the issuer to transfer reports to the central storage system may in our opinion be viewed as discharged at the moment the system generates a confirmation of data receipt (option ii).

We would like however to point out that introduction of the requirement for CSM to publish information in real-time may cause the significant increase in costs of its operation and in turn the fees charged by CSM.

Further to the issue raised in question 14, i.e. whether information having material impact on the price of securities should be made available via the central mechanism in real time to all investors, in our opinion there should be no privileges for any of the investor groups. The basis of the public market is equal access to information for all the investors.

Question 15-16 – page 48

Publication of information of large size and no material influence of the price should be subject to much lower time regimes than the current and material one. In our opinion, the central storage system should allow in such case for access to the stored data not later than before opening of trading session day after the issuer has submitted the report.

Question 17-18 - page 50

As far as fees to be paid by investors for access to the central system are concerned, it should be remembered the statement presented in recital 15 of the Transparency Directive according to which information submitted by issuers should be accessible to individual investors at an affordable price.

The manner in which the fees will be charged will depend upon the data distribution system that emerges on a given market and mutual relations among the market participants.

In our opinion the level of cost for access to the data in the central storage should be determined at the level acceptable to investors active on a given market.

CSM should also derive income from investors (especially from the value-added services) and issuers.

Additionally financial support by public funds could be considered.

Question 19 – page 52

Operator of the central data storage mechanism may be a competent authority; however such system should not exclude a possibility to operate on the market for entities operating on commercial basis.

CSM should be thus operated by licensed commercial entities possessing relevant resources, as well as technical and organisational competences (e.g. exchanges).

Question 21-22 - page 54

Reports should be accessible in a central storage mechanism as soon as possible, thus we do not see the need for prior acceptance of reports by competent authority (option ii).

Thus for reason indicated in the material, the regulator should have control ex-post.

Question 23 – page 55

Data transmission standards should be created so that in case several central storage mechanisms are created each entity operates in accordance with accepted standards.

Question 24 - page 55

Standards should be prepared as soon as possible so that interested entities could prepare themselves to launch operations in accordance with them.



Question 26 - page 56

CSM should be obliged to provide conformance of the information with the original received from the issuer.

Question 31 - page 58

CSM should be obliged to store the information in electronic format to ensure the quality of the paid service.

Question 32 - page 59

CSM should be obliged to store reference information also to ensure the quality of paid access.

Question 34 - page 60

CSM should be authorised to interrupt investors' access to the database for periods necessary for required technical maintenance.

Question 38 - page 61

CSM should provide support for investors on appropriate commercial basis.

Question 39 - page 62

CSM should clearly mark information on the issuers, differentiating it from its own value-added services.

Question 50 - page 74

On European scale CSMs should be serviced by commercial entities due to the benefits for issuers and investors related to the quality of the service and competitiveness of the fees. Operational and technical risks could be significantly limited in case of effective supervision by regulators.