

CESR's advice on possible implementing measures of the Transparency
Directive

Consultation paper
Ref :CESR/04-512c

Reply of Euronext

Euronext welcomes the possibility to comment on the implementing measures for the Transparency Directive and can confirm that, on the whole, it has no major difficulties with the advice presented in consultation paper CESR/04-512c of December 2004.

Chapter I – Notifications of major holdings of voting rights

Section 1. The short settlement cycle

Euronext agrees with a T+3 clearing and settlement cycle. We also support CESR's decision not to establish further definitions of what clearing and settlement means. Euronext has already recognized the efforts of the European Commission in defining and distinguishing between various functions. However, even if such analysis may need to go into much greater details, we do not find appropriate to discuss the matter in the context of the Transparency Directive.

Section 3. Calendar of trading days

Euronext considers the adoption of the calendar of trading days of the issuer's Home Member State to be the easiest way to deal with the problem. We also welcome CESR initiative to ask each Member State to draw up a list of issuers it controls under the Transparency Directive in order to determine which calendar applies to a given issuer. With respect to the publication of the calendar of trading days, in addition to the attachment to the standard notification form, we favor a publication on the website of the competent authority.

Chapter II – Half-yearly financial reports

Section 1. Minimum content

Euronext is convinced that for financial statements to be readable and comparable the minimum content of half-yearly financial statements has to be defined. However, it seems very demanding to impose the use of IAS principles in such a case while those issuers have chosen not to be submitted to such standards or are not required to use them.

Chapter III – Equivalence of third countries information requirements

Section 1. Issuers

Euronext generally welcomes CESR's definition of equivalence when considering that 'equivalence' does not mean 'identical to'. Imposing that requirements be identical would lead to reject any third country system.

The purpose of this Directive is to ensure appropriate transparency for investors through a regular flow of information, which is the best way to protect investors. We think that the test should be whether the quantity of information provided allows for an investment decision to be made. Such assessment should be done having regard to the accounting information provided by the third country system as a whole and not by comparing each and every post of such system with the IAS. On the contrary, we believe that a test based on whether the information provided by the third system and IAS will result in the same investment decision is not reliable because the system of the third country is linked to the local practices and environment for which IAS may not be relevant.

Concerning the principles for establishing equivalence, Euronext considers them to be sufficient to ensure adequate information of the public.