

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

Consultation paper
(REF CESR/05-267)

Answer from Euronext

Euronext is grateful for the opportunity to comment on CESR's revised advice on implementing measures of the Transparency Directive.

We welcome the efforts of CESR to clarify certain aspects of the requirements with respect to the dissemination process and in particular the minimum standards imposed for the dissemination of regulated information. However, we believe it is important that such standards be complied with by all providers and not merely be considered as guidelines.

For obvious reasons, Euronext's reply to CESR's consultation focuses on the part dealing with the dissemination of regulated information by issuers.

1. Dissemination standards

Q.1 and 2 on connections with media:

Euronext agrees with CESR's advice that connections with media have to be sufficient to enable dissemination as widely as possible.

We are of the opinion that CESR should require issuers/service providers to have connections with at least key national and European newspapers, specialist news providers, news agencies with national and European coverage and financial websites accessible to investors.

However, mandatory connections should not be required especially if CESR is to provide that all interested media should access regulated information for free since providing connections induces costs for the service provider (please see our complete comments at Q. 12 and 13).

Q.3 and 4 on connections with media:

We consider that CESR should require that the connections between issuers/service providers and media be based on electronic systems and that regulated information be sent in electronic format (which means avoiding fax).

This requirement should be fulfilled by using secured lines between issuers/service providers and media and is needed in order to ensure fast, safe and secure connections and dissemination.

Q.5, 6, 7 and 8 on necessary output information fields:

Euronext welcomes CESR's revised approach requiring the identification of the issuer having regulated information to disseminate. However, we believe that no specific method should be

made mandatory. As to the identification code, we rather favour any progress made in this field by the industry or the market.

2. Minimum standards for service providers

Q.9, 10 and 11 on separation of functions:

Euronext supports CESR's advice that service providers should keep other services or functions clearly separate from the ones relating to the dissemination of regulated information.

Moreover, we would like to point out that all service providers should be required to comply with all minimum standards imposed on all service providers/issuers, including competent authorities acting as service providers.

In particular, competent authorities assuming service providers functions should comply with standards such as separation of functions and clear and unbundled charges to issuers.

Moreover, competent authorities should ensure that issuers respect national laws transposing art.21 of the Directive and consider, when so doing, all services (including theirs) on an equal footing.

We also use the opportunity of this answer to raise our concerns about the risks of unfair competition between issuers/service providers and central storage mechanisms if those were to provide similar services as those provided by service providers.

We are indeed of the opinion that, because the filing of regulated information with central storage mechanism is mandatory, they would become a natural partner for issuers without enabling fair competition between commercial entities wanting to act as service providers.

We therefore consider that separation of functions is here particularly important to prevent any unfair competition.

We are also of the opinion that issuers, if they were to act as disseminator, should not be considered as fulfilling their minimum dissemination requirement by only filling regulated information with the central storage mechanism.

Q.12 and 13 on charges:

Although Euronext generally understands the concerns of CESR and the media industry regarding the issue of charging fees to media for receiving regulated information, such issue has to be studied in more detail.

We would like to point out that since service providers would have to send regulated information via electronic means, in most cases in specific format and to each media wanting to receive it, the delivering of such data implies costs. Service providers should therefore be authorized to charge the connection costs engaged for releasing the regulated information.

Otherwise, costs supported by service providers to disseminate regulated information would have to be entirely passed on to issuers, which would then, in comparison with the current situation, impose extra burden on listed companies when meeting their dissemination requirements.

Q.14 and 15 on approval of service providers:

Euronext is of the opinion that requiring a document as proposed by CESR, by which the service provider demonstrates the way in which it complies with the dissemination standards and requirements could be useful to allow issuers to select providers and assess their reliability. But it is not sufficient.

Considering that issuers should themselves verify that service providers comply with all standards does not seem desirable. Such arrangements will be difficult to enforce and risks resulting in poor quality of information.

A mechanism should be provided to ensure that standards be implemented in a proper way by all service providers.

Moreover, we also welcome CESR's proposal to undertake future work at level 3 for approval processes. Indeed, for service providers wanting to act in several European Member States (which would benefit both issuers and users of regulated information), it would be more efficient to create an harmonized approval process.

3. Standard form to be used by an investor

Q.24 and 25 on identity of the issuer

Euronext agrees that the standard form for all notification requirements should include an issuer's identification number. This would make it clearer to identify the share to which the disclosure relates.

With respect to the form of the identification, as already explained in our answer to questions 5,6,7 and 8, we rather favour any progress made in this field by the industry or the market, which is currently working on a standardization of an issuer identifier.

4. Equivalence of third countries information requirements

Q.26 and 27 on equivalence

Euronext welcomes the methodology and principles CESR intends to follow as regards equivalence.

We believe that work should enable new entrants to access our markets more easily and at lower costs.

5. Arrangements whereby issuers may elect their 'Home Member State'

Q.28 on the procedure

Euronext supports CESR advice on the notification requirement when issuers choose their Home Member State. We are of the opinion that it must be clear to the market and the investment community, who the competent authority is with respect to regulated information that have to be disseminated by issuers.

