

Mandate to CESR for technical advice on possible implementing measures concerning the Transparency Directive

Storage of regulated information and filing of regulated information

Reply of Euronext to CESR's call for evidence
Ref CESR/05-493

Euronext is grateful for the possibility to comment on the mandate given to CESR in relation to the transparency directive.

Central storage mechanism will act as major information provider and it is therefore important to make this system work efficiently in order to ensure equal level of access to regulated information for investors across EU Member States.

1. Integrated network of national database

Euronext agrees with CESR's objective to offer a one-stop-shop for end users. It also seems necessary to work on interoperability in order to create a EU-wide database.

However, we consider it to be more appropriate for CESR to set up general technical requirements and leave the market forces to decide and choose the technical applications which will best suit the purpose of a EU database.

Furthermore, we are of the opinion that too detailed technical requirements are hard to implement and that the cost of such an implementation is even harder to assess, as we do not know yet who will operate the central storage mechanism.

2. Role of the officially appointed mechanism

Euronext supports the several issues CESR intends to examine and on which CESR will provide technical advice on possible implementing measures.

It is however important that CESR does not multiply the format for the different services. For instance, on the level of quality standards, it should be required that issuers use the same format for the filing to both central storage and competent authorities.

With respect to the role of the central storage mechanism, we think that CESR should particularly consider the risk of unfair competition with the dissemination model and, therefore, clearly define the role of the central storage. For instance, issuers should not be able to fulfill their disclosure obligation by sending the regulated information directly to a central storage mechanism, which pushes this to the public on a real-time basis.

When considering the role of the central storage, CESR should also consider the separation of function when this mechanism operates both dissemination and storage role. There should be some kind of Chinese wall in order to prevent the commercial entity of the storage mechanism, if operating the dissemination, to benefit and easily access the regulated information received and disclosed under the central storage entity.

However, preventing unfair competition should not prevent central storage to be run as profitable activities. CESR should therefore clearly define a free basic or cost price or market price service and make it possible for the appointed mechanism to offer additional services, which would be charged in accordance with market prices.

3. Cost and funding

Euronext agrees with CESR's proposal to make a cost/benefit analysis of the creation of an EU-wide network.

With respect to the funding, we consider that central storage mechanisms should act in a competitive environment and should therefore not be funded by community money, i.e. State money. It would be more appropriate to enable a self-financing model, which would indeed encourage competition and therefore require central storage to make constant progress to offer state-of-the-art services to end-users.

4. Further remarks on the European Commission comments

When considering the possibility for Member States to officially appoint, on an interim basis, their competent authorities or other entities running an existing central storage system as Officially Appointed Mechanism, Euronext is of the opinion that such appointment is not satisfactory and should at least be for a limited period of time in order to maintain further free access to the activity of central storage.