31 March 2006

CESR's consultation paper on possible implementing measures concerning the Transparency Directive
Storage of regulated information and filing of regulated information

Ref CESR/06-025

Reply of Euronext

Euronext is grateful for the opportunity to express views on possible implementing measures of the Transparency Directive related to storage and filing of regulated information.

Euronext welcomes as a whole the work done by CESR in relation to quality standards, interoperability, the role of competent authorities and the filing of regulated information with regulators. In many ways, Euronext supports CESR's proposals although we have complementary propositions to make in relation with a number of the issues dealt with.
We would also like to take advantage of this consultation to draw CESR's attention to the importance of coordination of and cooperation between Member States and competent authorities when implementing those particular areas of the Transparency Directive.
The establishment and functioning of such an important network of storage mechanisms across Europe should not be undermined by diverging approaches and/or very different practical implementation of storage mechanism systems (e.g. non-competitive mechanisms, limited access to the business by particular entities). We are indeed of the opinion that competition between OAMs and open access to the provision of storage business will enable to reach the Transparency Directive objectives to appropriately provide access to information for the benefit of the end-users across Europe. This will also allow, in particular, the offering state-of-the-art technology, broad coverage of regulated information, user-friendly and end-users oriented tools, high value-added services at competitive prices.

Allowing for competition within Member States and, therefore, across Europe would also enable the creation of cross-border storage mechanisms that should be best suited to reach the "one-stop-shop" model advocated by the European Commission.

1. Preliminary concepts

End users definition

Q1: Do you agree that, taking into consideration the main purposes of the Directive in relation to the OAM, end users of the OAM will be investors seeking information on issuers and that the specific needs of particular investors or users should be tackled by the OAM itself and not require further and more burdensome requirements on issuers or on the OAM itself? Please provide reasons for your answer.

Euronext supports CESR's opinion as it considers regulated information should not be made available for free but at "affordable" price and that OAMs are able to operate added-value services, making it possible for commercial entities to enter the business. This is indeed crucial in order to develop state-of-the-art systems.

We also welcome the consideration that end-users should be "anyone with an interest in having access to the stored information, including investors, institutionals or professional users". For potential heavy users, such as institutional investors and/or data vendors, that will be servicing the rest of the investment community, the relevant pricing should be decided by the OAM depending on the services provided (e.g. value-added services or as a specific service).

Information to be stored

Q2: Do you agree that, taking into consideration the main purposes of the Directive in relation to the OAM, what needs to be stored and to be accessed in the OAM is just the regulated information, as produced and disseminated by the issuer or more than that? If so, please provide reasons for your answer and indicate what kind of facilities you would expect and indicate how to cover the costs of such value added facilities.

Euronext agrees with this approach. Only "naked regulated information", under the Transparency Directive, has to be made available by OAMs, and presented in a basic form. Requirements on classification and organization of "naked regulated information" should remain at a minimum in order not to discourage potential operators of OAMs to enter the business and therefore allow competitive and innovative added value-added services to develop. The opportunity and specific kind of value-added services to be developed by an OAM should be left to its own discretion. .

We also agree that OAMs should be able to provide with additional value-added services, for instance for institutional investors and/or data vendors. In that case, the OAMs should be free to determine the business model and opportunities best suited to the market(s) it wants to service and the end-users needs concerned.

Easy access definition

Q3: Do you agree with the views above or do you envisage a more ambitious approach to "easy access"? If so, please indicate what facilities you would like to see in place and detail the additional estimated costs of implementing them, how to cover those costs and explain the advantages of such an approach.

Euronext supports CESR's proposal and especially the fact the translation of issuer's information by the OAM is not required.

With respect to the classification of regulated information we refer to the answer to question 2 above. Requirements on classification and organization of "naked regulated information" should remain at a minimum in order not to discourage potential operators of OAMs to enter the business and therefore allow competitive and innovative added value-added services to develop.

"One stop shop" model

Q4: Do you agree with the views above or do you envisage a more developed approach for the network? If so, please detail what additional functionalities you would like to see and if possible, provide your opinion on the implications, namely in terms of costs, of setting up such a network. In considering the above, please take into account the alternative funding implications.
Q5: Do you see alternative technical solutions to those envisaged in this consultative document and permitting to reach the same goal, both for the designing of OAMs and for creating an EU "one stop shop"? If yes, please describe those solutions and provide estimates of costs and indications on the best way to cover them.

Euronext agrees with CESR's approach. We also reiterate our concern that in order to achieve the one-stop-shop model supported by the European Commission, it is key that Member States adopt consistent approaches to national organization of storage mechanisms. . Any step further in terms of network should therefore take into account how Member States will implement the OAM model and how those different models will work and fulfill end-users needs.

2. Quality standards

Electronic filing with the OAM and electronic storage as prerequisites for the quality standards

Q6: Do you agree with the above? If not, please provide reasons for your answer.

Euronext supports CESR's considerations in relation to electronic storage.

However, in respect of information received on paper, a situation that should remain exceptional, we consider that, while the OAM will have to make manual re-keying of the information to convert it into electronic format, the OAM should not incur any liability in relation to such treatment.

File format standards

Q7 : Do you agree with the above? Please provide reasons for your answer.

Euronext supports CESR proposal. However, we would like to add that requiring the availability, for issuers, to use several formats should not result in an excessive number of formats, which would mean extra-costs for the OAM and undermine its functioning. Moreover, the proposal according to which applications that are "not proprietary and that obviate single vendor software applications" should be used must be specified. It should not result, for instance, in prohibiting the use of such commonly used formats as Excel or PDF format since the majority of issuers use PDF as a standard at the moment.

Furthermore, for the reasons mentioned above (extra-costs and orderly functioning), as there is a possibility that issuers use the services of different third party providers for the dissemination of information and reporting to the OAM, we believe that OAMs should be free to set format requirements for regulated information filed with the OAMs by those third parties.

Security standards

Q8: Do you agree with the above minimum standards of security?

Euronext agrees with CESR's proposal on minimum standards and that information should not be edited, in the sense of being modified. Files and data should be stored as received.

Nevertheless, for delivery of the information to end-users, a limited set of format should be defined and this might mean that files might need to be converted into another format, when such information is received from the issuer in a given format or in paper.

Q9: Are there any additional standards on security CESR should consider?

No.

Q10: Do you agree that there is no need for special or additional security standards if an electronic network of national OAMs at EU level is created?

Euronext considers it to be difficult to answer this question at this stage. If an internet based network is to be created, security measures applicable to all OAMs would need to be agreed. Otherwise, standards could vary form country to country, with lower standards for some local OAMs coexisting with high standards for other local OAMs and opening the door to possible damage to the content of all others OAMs. If the network is to be based on lease line connectivity, then risks would be significantly reduced.

Minimum quality standards of certainty as to the information source

Q11: Do you agree with the above? Please provide reasons if you do not agree

Euronext agrees with CESR's proposals as they are not too prescriptive and leave some room for manoeuvre to OAMs.

Minimum quality standards of time recording

Q12: Do you agree with the above? Please provide reasons for your answer if you do not agree.
Q13: Are there any additional standards on time recording CESR should consider?

Euronext agrees with the minimum quality standards of time recording proposed by CESR as, in our view, time stamp will avoid queries.

Minimum quality standards of easy access by end users

Q14: Do you agree with the above? Please provide reasons for your answer.

Euronext supports CESR's proposal not to differentiate minimum standards for various type of regulated information.

Q15: Would you require searching capabilities in the language of international finance to be able to have "easy access" to the information stored?

Yes, indeed, we agree to require searching capabilities in the language of international finance to be able to have "easy access" to the information stored.

Q16: Do you agree with the above standards in relation to technical accessibility? Please provide reasons for your answer if you do not agree.

Euronext agrees with CESR's comments in relation to the access to regulated information on a continuous basis, 24/7. However, we are of the opinion that the level of support should be left to the OAM's discretion and should be part of its value-added services.

Minimum standards in terms of format of the information

Q17: Do you agree with the above in relation to the format of information to be accessed by end users? Please provide reasons for your answer.

Euronext agrees with CESR's proposed list of reference items.

Minimum standards in terms of cost of access to regulated information

CESR considers that:

- naked regulated information should be made accessible for free after a certain period of time after being available in the storage mechanism;
- costs charged by AOMs should be affordable;

with leaving OAMs to deal with this issue, taking into account its specific features and structure.

Euronext supports such proposal.

Cost and funding

Q18: Do you agree with the above? Please provide reasons if you do not agree.

Euronext supports CESR's point of view with respect to cost and funding. However, we would like to specify that "users of the system" should include both end users and issuers since they both benefit from a service.

Furthermore, as vendors and institutional investors will probably be heavy users of the OAMs to redistribute the content, prices for this type of activity should depend on the services provided..

3. <u>Network of OAMs and interoperability</u>

Q19: What are your views in relation to the issues being discussed above?

Euronext is not in favor of Model D because this model is too difficult to use for end-users. It indeed requires end-users to know which OAM is responsible for the storage of regulated information relating to an issuer.
Model A and B are equally not supported. They require interoperability agreements on "common reference data items", common interface and communication standards, common search keys (taking into account all EU languages) and administrative issues (such as how to

collect fees cross-border). Such agreements seem hard to obtain, even on a longer-term basis, because of the potential number of OAM concerned (at least 25, if only one per country). Moreover, on a more technical basis, an online system able to answer a request in an acceptable time-frame seems also hard to achieve because of the size and the number of OAMs to browse.
For those reasons, Euronext supports model C, which is the most user-friendly and easiest to implement on a short-term basis.

Euronext also takes the opportunity of this consultation to raise an important issue concerning the funding of such a network of national OAMs.
Whatever model is implemented, particular attention should be paid to the funding of the network of OAMs because several business models may be in place at national level. Indeed, as it seems that Member States will decide on a national basis which business model they implement (unique or competing OAMs, commercial entities or competent authorities etc), funding may therefore be raised on public or private funds. It is therefore important to have a clear funding system that ensures fairness among contributors and, when setting the level of contributions, takes account of the fact that the resources of some OAMs are derived from commercial activities and not public money.

4. Role of the Competent Authorities

The general role of the competent authority

Q20: Do you agree with the above approach? Please provide reasons for your answer if you do not agree.

Euronext agrees that competent authorities should be involved in the appointment process and the supervision of OAMs. Moreover, it is important that, when competent authorities operate OAMs themselves in competition with commercial entities also operating the business, a level playing field is ensured. If competent authorities were to enter such business, clear separation of functions should be required between the appointment and supervisory duties of the competent authorities and its role as OAM. The competent authority should not take advantage of its supervisory function and conflicts of interests should be managed appropriately.

The role of the competent authorities in the event of a shared OAM between several Member States

Q21: Do you agree with the above approach? Please provide reasons for your answer if you do not agree.

Euronext fully supports CESR view regarding the sharing, by Member States, of a common OAM. Such supervisory agreement will favor and facilitate the implementation and the running of cross-border OAMs, which should enable end-users to access more easily information on issuers by putting in place a system close to the one-stop-shop model.

The role of the competent authorities in adapting standards

Q22: Do you consider that a competent authority can, within the limits set out above, change the standards over time in case new technological evolutions occur ?

Euronext supports CESR's proposal to allow competent authorities to adapt standards in case new technological evolutions occur. Competent authorities should however always consult interested parties (OAMs, end-users) before any important standards adaptation. Furthermore, we consider it essential that competent authorities cooperate in setting and implementing technical standards in view of the European network that needs to be implemented.

Regulation and coordination of the operation of the future EU electronic network

Q23: Do you agree with the above approach? Please provide reasons for your answer if you do not agree.

Euronext agrees with CESR's point of view and with its proposal to coordinate the work of competent authorities in that particular field.

5. Filing of the regulated information with the Competent Authorities

Q24: Do you agree with the above interpretation of the purpose of filing and the conclusions made on basis of the interpretation? Please provide reasons for your answer.

Yes, we agree that the "filing" obligation would be met when regulated information is available to the competent authority, with the appropriate and adequate content in the light of the Directive.

Q25: Do you agree with the above conclusion? Please provide reasons for your answer.

Euronext agrees with CESR's conclusion. However, to make it easier for issuers to fulfill their requirements under the Transparency Directive, issuers should not be prevented to file regulated information with their competent authority in the electronic format used to disseminate regulated information to the public and file it with the OAM.

Minimum quality standards regarding the filing by electronic means

Q26: Do you agree with the above approach? Please provide reasons for your answer.

Euronext supports CESR's proposal that takes into account the national environment (small issuers, shareholders etc) before imposing any requirement regarding the electronic filing of regulated information. However, and as explained previously in Q25, filers (i.e. issuers and shareholders) should not be prevented to use the electronic format they use to fulfill the other requirements of the Transparency Directive concerning dissemination and storage.

Minimum quality standards in relation to security and certainty of the source

Q27: Do you agree with the above?

Euronext agrees with CESR's proposals.

Q28: Is there a need for an additional level of detail? Please provide reasons for your answer.

No.

Minimum standards in relation to time recording

Q29: Do you agree with the above or do you envisage particular issues that need to be dealt in relation to the validation procedure and the time stamping of regulated information? Please provide reasons for your answer.

Euronext agrees with CESR's proposal on time recording.

Use of input standards and templates to file regulated information

Q30: Do you consider that CESR should require specific forms to be used to file regulated information with the competent authority? Please provide reasons for your answer.
Q31: Do you consider that CESR should require specific input standards to be used to file regulated information with competent authorities? Please provide reasons for your answer.

As explained before, Euronext considers that issuers should not be prevented from using the forms or standards required to fulfill their dissemination and storage obligations.

Alignment of the filing with the storage

Q32: Do you agree with the above concepts of "alignment"?

Euronext agrees with the idea that the term "alignment" should be "any procedure or option enabling issuers to meet the three obligations set forth by the directive for regulated information (dissemination, filing and sending to OAM)". But we consider that the way to achieve it should be left to issuers' decision. Making competent authorities achieve the alignment is not acceptable because of the potential conflict of interest arising when the competent authority act as OAM.

Q33: Are there additional ways of alignment CESR should consider?

No.

Q34: Do you consider that CESR needs to expand this idea to properly address the mandate?

No. We agree with CESR's point of view that the issue is dealt with in relation to the standards on storage.