

## **Development of Pan-European Access to Financial Information Disclosed by Listed Companies**

### **Submission from The Association of Investment Companies**

The Association of Investment Companies (AIC) welcomes the opportunity to respond to CESR's consultation on the development of pan-European access to financial information disclosed by listed companies.

The AIC is the trade association representing the closed-ended investment company industry. Its membership comprises some 350 investment companies with £72 billion of assets under management. Investment companies have an interest in the disclosure of financial information as they are both issuers and investors in shares. The shares of our members are customarily traded on EU regulated markets and the companies themselves are subject to the obligations contained in the Transparency Directive. The business of an investment company is to provide their shareholders with financial returns by investing in a diversified portfolio of assets, which may include the shares of companies traded on EU regulated markets.

The AIC has previously welcomed the Commission's review of the transparency obligations and its focus on simplification and the reduction of administrative burdens for companies. The objective of the Transparency Directive is to enhance investor protection and market efficiency through the disclosure of accurate, comprehensive and timely information. Further details on the AIC's position regarding the Transparency Directive can be found in its response to the Commission's most recent consultation paper on the Directive (see link [Modernisation of the Transparency Directive - Consultation Response, The AIC, August 2010](#)).

### **Market principles**

The consultation proposals are based on the premise that there is a need for greater integration of disclosed financial information, and that this information should be provided by the EU or one of its regulatory authorities. It is argued that such mechanisms would provide added value services to investors through, for instance, the ability to conduct harmonised searches for issuers on an EU-wide basis.

Regulated information is currently well distributed. Investors have no difficulty in gaining access to regulated disclosures. This situation has been achieved through normal market mechanisms. Additional regulation to establish a pan-EU OAM, whether networked with a common access point or centralised in a single European OAM, is unnecessary and will simply create costs and add an extra layer of burdensome bureaucracy. While regulation has a very important role to play in modern financial services, the AIC believes that regulation of this nature should only be imposed where there is evidence of market failure and a private sector solution is neither possible nor desirable. This situation does not arise in this circumstance.

The consultation paper itself highlights that national OAMs are only accessed by 5% of financial information users, and that investors will usually search for disclosed financial information on an issuer's own website. Their low usage level is illustrative of the fact that they are often seen as surplus to requirements for potential investors. This

demonstrates that the market has already provided investors with the access to information they need.

Given this consideration, there is no reason to suppose that a pan-European OAM would be any more popular for investors. If a centralised database could genuinely offer better access to regulated information, and where they can bring genuine and tangible benefits such as ease of benchmarking competing issuers, then the market will provide a solution without the need for EU intervention.

### **The future development of the OAM network**

The OAM network does not require further development in terms of greater networking across EU Member States. The AIC **recommends** that CESR does not initiate a project to integrate national OAMs into “a virtual one-stop shop” for accessing regulated information disclosed by issuers. Indeed, the internet arguably already acts as a proxy for the one-stop shop which this consultation seeks to establish.

For this reason, the AIC believes that the simple network model using the MiFID database, already adopted by CESR, is sufficient, and no further development or networking by the Commission is necessary.

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