

CESR Call for Evidence on the possible CESR Level Three work on the Transparency Directive – Ref. 07-487

Please find hereafter Business Wire's replies to the CESR Call for Evidence re the Transparency Directive's Level Three work:

Question One:

- *Do you consider that CESR should start working in its Level Three capacity in order to promote a consistent application of the TD (Transparency Directive) and the Level Two Directive?*

Business Wire Response:

- As a leading professional information provider disseminating regulatory copy in a multitude of EU Member States, Business Wire strongly recommends that CESR should start working in its Level Three capacity. The purpose of the TD is to promote, in a harmonized EU-wide financial market, a common ground for all Member States to create disclosure rules that provide a level playing field for all market participants. The goal is to ensure simultaneous, equal and unrestricted access to price-sensitive information, regardless of a listed company's home market.

- Sadly, the minimum harmonization rules laid out by the EU Commission left national legislators ample room for applying the originally well-defined TD rules in different ways. The result, while not necessarily being formally in contradiction with the TD's rulings, is that market participants must deal with conflicting interpretations as they move from one MS to another. Today's reality is a far cry from the harmonized EU financial market legislators originally envisioned.

- Unless remedial action is taken quickly within the Level Three procedure, the EU will suffer from a largely fragmented disclosure system, resulting in higher issuer costs, market inefficiencies that penalize EU-listed companies by raising the cost of capital acquisition, and artificial barriers to seamless cross-border information exchange. These consequences undermine the TD's basic mandate.

- As an authoritative expert and leading professional information provider, Business Wire has successfully adjusted to the new regulatory landscape. We serve issuers in multiple jurisdictions with our discrete, country-specific disclosure networks. The larger issue, however, is that unless corrective action is taken in the near future, the TD will be widely perceived—internally and externally--as a missed opportunity, with a total absence of momentum for real, substantive change. Ironically, as financial markets consolidate, e.g. the NYSE/Euronext merger, a greater harmonization of reporting standards often results. The M & A activity rampant among global exchanges may

ultimately result in achieving – albeit partly – the goals that the EU had set itself when undertaking the implementation of the TD.

Question Two:

- *What areas do you think that CESR's work should cover, and could you prioritize them?*

- There is a contradiction – or at least ambiguity - in the TD's text, which calls for equal access of regulatory copy, "even if an investor is situated in another State than that of the issuer," while at the same time granting issuers the right to issue regulatory copy themselves. Issuers usually do not have the resources to disseminate on a European scale.

- Furthermore, if an issuer chooses not to disclose himself (an option that was implicitly discouraged in the first version of the TD) the Level Two TD requires "third parties" charged with disseminating the information to be "capable of adequate conditions and have adequate mechanisms in place" to ensure proper disclosure. In the meantime, it would appear that in not a few MS's a similar control on issuers choosing to disclose themselves is incomplete, or even non-existent.

- While requiring "the widest possible access, and where possible reaching the public simultaneously inside and outside the issuer's MS," the TD nevertheless continues to encourage MS's to request issuers to publish "parts or all" regulated information through newspapers, thereby considerably increasing the costs to issuers without achieving proportionate dissemination – let alone simultaneous disclosure.

- By the same token, several MS's, by word of their national regulators, still authorize dissemination of regulatory copy by fax, thereby implicitly complicating the input- and- output procedures for professional information providers who have switched to completely real-time, electronic distribution. In some cases the regulator even requires information providers to handle fax copy by priority, as confirmed by the stringent time requirements stipulated for the processing of faxed copy.

- In our experience, warnings addressed to privileged service providers that benefit financially from their market position/affiliation (e.g. regulators, stock exchanges) have had little or no impact. To ensure fair and open competition, the profit-making activities of these 'market-advantaged' organizations should be closely monitored to guarantee that private-sector services have equal footing. Unfortunately, this has not always been in the case. Additionally, de facto monopolies continue to exist in multiple EU markets, including Spain, Italy, and Luxembourg, among others. A clear and firm directive should be issued that would open these markets to the proven benefits of open competition.

- Also, in paragraph 16 of the TD of March 2007, both issuers and third parties are instructed to "give priority to the use of electronic means and industry standard formats, so as to facilitate and accelerate the processing of the information". Sadly, we have discovered that, as regards the regulators and the regulated markets, "industry standard

formats” seem to be the exception, rather than the rule. Professional information providers are often confronted with mandatory demands to adjust to bespoke formats that have little or no bearing with the global information industry’s current standards, leading to expensive development projects whose costs are ultimately borne by issuers. BW utilizes the latest international industry standards, including NewsML and XHTML, and we remain at the forefront of technological innovation. We are anxious to work with CESR and individual markets so that these advanced formats can be widely implemented throughout the EU.

- Business Wire would like to bring the XBRL technology once more to the attention of all market participants. This technology provides for easy and automated identification of key data in financial reports and communication, regardless of the language in which they have been drafted. Especially within the EU, this universal financial reporting format should find many applications, resulting in considerable cost-savings, and broader acceptance of analytical data by the international investment community. Some, including CESR, have argued in the past that introducing XBRL at this time would add yet another additional administrative and financial burden to issuers, at the time when they have to face the new disclosure rules introduced by the TD. Business Wire has introduced “turnkey” solutions that will ease the transition to this forward-thinking technology, while also offering more sophisticated consulting services..

- Question Three:

*Do you think that CESR’s work to harmonize should be published in the form of a Q&A section of its web site?*

- Business Wire has no preference as regards the format of the questioning, and would be satisfied with limiting our intervention to the current Call for Evidence, as long as the issues that have been raised in this paper will effectively be addressed. In this context, we would like to respond to CESR’s caveat, indicating that their organization will only address issues and problems raised in the current Call for Evidence if they clearly have a European dimension, and do not address one single market regulator: Business Wire feels that, while the TD’s declared goal is to organize disclosure of regulated information on a European scale, any issue that results from the application of said Directive will automatically have EU-wide consequences, and hence should be addressed by CESR. We understand that your human resources are limited, but also are of the opinion that this question is important enough for CESR – whose reputation does not need to be made – should be granted by the EU Commission the resources that it requires for fulfilling its mission.

Question four: Do you think that CESR should facilitate the establishment of an EU network of national storage mechanisms?

- Business Wire thinks that this task, which has daunting logistical implications should be addressed by all those experts who can contribute to its success, and therefore we feel that it is essential that CESR should also play a key role in studying this undertaking.

RDC – 07/08/07

Contact: Rudi De Ceuster, Senior Director

Business Wire Europe

Rue Abbé Cuypers 3

B-1040 Brussels, Belgium

Tel; ++ 32 2741 24 55, direct ++ 32 3457 40 02, mobile ++ 32 475 513 400

[rudi.deceuster@scarlet.be](mailto:rudi.deceuster@scarlet.be) -- [www.businesswire.com](http://www.businesswire.com)