

Attention M. Fabrice Demarigny,
Committee of European Securities Regulators
11-13 Avenue Friedland
Paris 75008

January 27th 2005

Dear Sirs

Re CESR's advice on possible implementing measures of the Transparency Directive.
Consultation Paper, October 2004. Part 1 Dissemination and Storage of Regulated information.

PR Newswire appreciates the opportunity to comment on the above draft advice. We have also very much appreciated the opportunity to contribute to the ongoing work on this important issue, through its participation on the CESR Working Group.

Our response focuses primarily on Part B of the Consultation paper on (i) dissemination of regulated information by issuers.

Introduction to PR Newswire .

PR Newswire, a subsidiary of United Business Media, headquartered in the UK and listed on the London Stock Exchange, pioneered the immediate, simultaneous electronic distribution of full text news releases to news media in 1954. Today, operating around the clock, 7 days a week, PR Newswire accurately, quickly and cost-effectively transmits information received directly from the issuers of that information to thousands of print, broadcast, wire and online news media, the investment community and individual investors around the world.

During peak financial reporting periods, PR Newswire frequently processes more than 1,000 time-critical news releases per day. PR Newswire also provides for its news-issuing clients, including more than 6,000 publicly owned companies globally, the latest multimedia communications tools to assist in disclosing their sensitive news to the public. These tools include conference calls on the worldwide web and the audio, video and text cybercasting of press conferences, annual meetings and other member-company news events. PR Newswire is also a registered Primary Information Provider operating in the UK.

General introduction.

PR Newswire are strong advocates of full and fair disclosure to the investing public – a concept that underpins the Transparency Obligations Directive and one that continues to be championed across the world.

We have for 50 years supported the belief that a properly delivered press release is the most effective way of ensuring that all investors receive news from issuers simultaneously, and that a well informed market is the best regulator.

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Overall approach to Article 17.1.

In respect to the draft advice from CESR, PR Newswire believes that the proposed implementation put forward would represent a major advance on the existing requirements on listed companies in Europe. CESR's draft advice has been very useful in highlighting the distinctions that exist in the dissemination of price sensitive information across Europe, and the consequent fragmentation of information supply to different classes of investors.

We would like to offer comments in 4 areas.

1. Clarity on “Connections” with the “media”.

Given the extremely fragmented and wide ranging nature of the “media” used by investors – whether professional or individual, PR Newswire believes it would be appropriate for there to be clarity as to the range of media that an issuer should reach with price sensitive information.

Many of the existing news dissemination services in Europe reach the internationally recognised financial news systems such as Reuters, Bloomberg and Thomson, and their national equivalents. However, we consider that simply reaching these news services is not sufficient for all investors.

Aside from the financial news services mentioned above, CESR may wish to consider clarifying that price sensitive information distributed by operators should also reach:

- *financial websites* used by individual investors across Europe,
- *search engines*,
- and the key *national newspapers* upon which many investors rely. Many newspapers operate extensive web sites, some carrying ALL price sensitive announcements.
- It may also be helpful to ensure that the *specialist financial analysis services* used by institutional fund managers should be included.

Only by being specific about the reach of price sensitive announcements, can CESR ensure the uniformity of coverage that all parties want.

A second aspect is the type of connection. This governs the use-ability of the information at the destination media. “Connection” as used in the consultation paper could mean email, fax, or other delivery that requires some manual intervention at the media. We would encourage CESR to ensure that operators deliver through a means that allows complete, fast, accurate and automatic processing at the destination media.

Otherwise, we are concerned that media may receive the price sensitive news, but due to its inconvenient format, never publish it.

2. Publication of operator standards, and approval of operators.

Clarity as to what an issuer should expect from an Operator is vital for several reasons. It ensures that issuers understand how widely their price sensitive information has been distributed, and to what standard. Operators themselves need clarity as to what is required, and investors need reassurance that a given media will receive price sensitive information, regardless of which Operator has been used.

PR Newswire supports the idea of approval of operators by national regulators, and the concept of 'pass porting' that would enable an operator approved in one member state to be recognised in all.

And PR Newswire does not agree that issuers should be required to use an Operator. If an issuer can demonstrate that it meets the standards itself, it should be able to do so.

3. Fees for regulated information.

We consider that introduction of fees by Operators, charging the media for delivery of price sensitive information, would be a serious inhibitor to wide dissemination. We would encourage CESR to make it part of the Operator standards that distribution to the media should be free.

4. Free and fair competition.

PR Newswire is a strong advocate of free and fair competition. We note the success of the model of competing Operators, in keeping costs as low as possible for issuers, in countries where this system has been introduced.

We also support clarity in fee structures; it should be clear to an issuer exactly what fees are being charged for mandatory compliance.

Consequently, we welcome competition that is fairly based. We have for a long time been concerned by the existing monopolies in some member states. Issuers are required to use systems of dissemination operated by exchanges and others. And in some cases the fees for such dissemination are not transparent, rather are built in to an overall listing fee.

We would encourage CESR to make it clear in its draft advice, that exchanges that wish to become recognized Operators, should meet the required standards, and distinguish their services as being independent of any other obligations an issuer may have towards the exchange.

Within the context of our overall conclusion above, an appendix to this letter sets out our responses to the specific questions raised in the draft recommendation.

Thank you again for the opportunity to reply. Please feel free to contact the undersigned if anything needs amplification,

Yours sincerely,

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Appendix 1.

Question 1: What are your views on the minimum standards for dissemination? Are there any other standards that CESR should consider?

In principle the standards are a major improvement on those existing standards. However, some detailed points should be raised.

First, in our understanding, exchanges in some Member States have a pre-approval process for news announcements. Under these processes, issuers (or their advisors) are required to submit news announcements to the exchange in advance of general publication, giving time for the exchange to consider whether some action is appropriate given the news that the issuer is announcing.

We believe it would be helpful to clarify your statement that issuers alone are responsible for general publication, obviating any approval process required by exchanges or other authorities.

Second in respect of Section 6, clarity about the word “connections” would be helpful. This is clearly interpretable in a number of ways. It could include:

- a fax line, which clearly has implications for speed of processing at the relevant media. If the Operator or issuer were simply to fax the news to a media outlet, that issuer's announcements would be significantly delayed by comparison with others'. Security could also be compromised.
- an email address. This has significant implications on the likelihood of the news item being used. A general 'inbox' at a media outlet, is, in our experience, not very likely to be attended to, due to the need for validation of the sender, the reformatting needed, and the staffing required.
- a fully redundant, secure line connected to the editorial systems, and publishing automatically to that media is the ideal. Requiring an Operator to use anything less than this would compromise the standards needed.

These are somewhat technical distinctions, and which we believe it would be unreasonable to expect an issuer to appreciate. However, the effect on the dissemination of the news release would be substantial.

Question 2: What are your views on the standards for dissemination by issuer? Are there any other standards or related issues that CESR should consider?

We agree with your approach, that if an issuer can demonstrate that they fulfill all the requirements of an Operator, as detailed in Paragraph 19, there should be no inhibitor to them doing so. However, we note that it is proposed that there should be Approval of Operators (Paragraph e, 15-18). We support this approach, and believe that any issuer wishing to undertake these tasks in house, should submit to the same system of approval. To do any less, is potentially to accept different standards for some issuers than others.

We take the same view in respect of the Central Storage Mechanism. If an issuer wishes to submit regulated information to (all of) the CSM('s), that should be permitted. However, the

issuer should be able to demonstrate in doing so, that they have complied with the Operator requirements.

Question 3: Should an issuer be able to satisfy all of this Directive's requirements to disclose regulated information by sending this information only to an operator? Please explain reasons for your answer?

We support the approach of making it simple for issuers to concentrate as many of their dissemination obligations through an Operator. We believe that Operators would make this as easy as possible, in order to attract customers. In other situations, this is already the case. (For example, in the UK, The Panel on Takeovers and Mergers will accept disclosure submissions from a PIP).

We would encourage CESR to seek the agreement from CESR members to accept this approach.

Question 4: Do you agree with the structure set out in Figure 1? Are there other structures that would be in line with the Transparency Directive requirements? Please set out reasons for your answer.

PR Newswire does agree with the proposed structure, replicated across the EU. We would add that we agree with the opening of paragraph 13. "An issuer needs to ensure.." This will require clear formal standards that operators are required to meet, and a clear statement from operators as to how they meet them.

Question 5: Should operators be subject to approval and ongoing monitoring by competent authorities or not? Please set out reasons for your answer.

We believe that formal approval of Operators is essential for a number of reasons, including those outlined in Paragraph 18.

Firstly, it provides issuers with certainty that their chosen Operator is capable of meeting their dissemination requirements. In our experience, few issuers have either the time or capabilities to make an assessment against a broad set of criteria.

Second, it provides an ongoing monitoring that the Operator continues to meet those standards.

We think that some form of external "kitemark" standards, which would require an external confirmation that the process meets the required standard, would be appropriate. Even though this increases costs for the Operator, we believe that there is no other practical way of reassuring issuers that their chosen Operator is appropriately qualified.

Question 6: What are your views on the proposed minimum standards to be satisfied by operators? Are there any other standards that CESR should consider?

We believe that these standards are appropriate, subject as above to the definition of "media" and "connections".

There may be an issue in regard to paragraph d) *“Urgent priority regulated information received by facsimile or hard copy must be released by the operator without delay.”* In principle this is correct. However, in practice, such an announcement may be say 50 pages of tables and text, received by fax. In this instance, releasing it *“without delay”* may be impossible, depending on the definition of the word delay.

Question 7: Should issuers be required to use the services of an operator for the dissemination of regulated information?

No. If an issuer can demonstrate that they fulfill all the requirements of an Operator, as detailed in Paragraph 19, there should be no inhibitor to them doing so. However, we note that it is proposed that there should be Approval of Operators (Paragraph e, 15-18). We support this approach, and believe that any issuer wishing to do these tasks in house, should submit to the same system of approval. To do any less, is potentially to accept different standards for some issuers than others.

Question 8: What are your views concerning the role of competent authorities in disseminating regulated information as operators? Please set out reasons for your answer.

Issuers should have a clear and free competitive choice in their selection of the Operator. We believe that competition has been a major (positive) influence on costs and ease of use for issuers, as well breadth of dissemination (and hence accessibility by all investors), in those markets where choice exists.

However, it is appropriate to require clarity as to the independence of the Operator from the competent authority. Use of competent authority branding, shared office facilities, people etc, would serve to confuse the issuer as to the status of the Operator. Any competent authority that wanted to offer such services, should make such separation clear.

On the other hand, distribution of regulated information to a competent authority, and the subsequent display of that information through a competent authority's web site, for example, would add to the availability of that information, and should be encouraged.

Question 9: Do you consider it necessary to attempt to address the risk that regulated information may not reach every actual and potential investor throughout the EU? Please set out reasons for your answer.

Question 10: Which of the options presented above would, in your view, minimise this risk? Please set out reasons for your answer.

It is essential that all investors have access to the same level of information (as distinct from added value analysis) at the same time. Also, that information should be delivered 'fast' to the market, as stated above.

The most effective way to achieve that will be through channels that 'push' information to the investors, not relying on a positive action by the investor or potential investor, to receive it. The Central Storage Mechanism is not foreseen as a 'push' mechanism, and hence relying on it alone for accessibility by all investors is insufficient.

Many Operators will wish to create 'destination' sites for price sensitive news covering all companies in the EU, and it would be helpful for there to be clarity that Operators should make

the news they process available to all – including other Operators - upon reasonable conditions. This will give rise – without resort to imposing rules on Operators – to comprehensive databases and news alert mechanisms of all announcements.

Similarly, we believe that the market will create free websites where investors can get comprehensive information on companies across the EU. These will be supported by advertising, or by selling added value services in addition to the news.

Question 11: Do you consider there to be other methods of dissemination that would satisfy the minimum standards for dissemination? If so, please provide a description of such dissemination methods, and how they would work.

We believe that the properly distributed press release is the most effective mechanism for informing all investors simultaneously. The infrastructure provided by the modern media is such that all investors have the opportunity to receive the news they need. Underpinning this infrastructure is the regular flow of news, as provided by the Operators of news release distribution services.

Question 12. Do you agree with this draft Level 2 advice?

Subject to the comments above, we agree with the draft advice.