

Attention M. Fabrice Demarigny
Secretary General
Committee of European Securities Regulators
11-13 Avenue de Friedland
Paris

May 27th 2005

Dear Sirs,

Re Transparency Obligations Directive.

PR Newswire much appreciates the opportunity to respond to the second round of consultation, on CESR's draft technical advice (Ref. CESR/05-267) on possible implementing measures covering five aspects of the Transparency Directive. In this regard, our response will focus on the first aspect – dissemination of price sensitive news.

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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PR Newswire broadly supports the draft advice presented by CESR. We would like to emphasise 2 key areas:

1. Much of the Consultation deals with providing detail of the operational requirements of the dissemination. We support this approach. The more detail that is provided by CESR, the easier it will be for effective regulation to be created and compliance monitored. Leaving areas such as the type of media, and the means of distribution open to interpretation by issuers and service providers will inevitably lead to fragmentation of availability of news.
2. Competition. We support the principle of open competition of service provision, and the measures you propose will assist in its creation. Again, however, we believe that more detail will help the market ensure that genuine free choice for issuers is created.

The answers to the detailed questions raised are presented below.

Thank you for the opportunity to contribute to this process. As always, if anything needs further comment or expansion, please do not hesitate to contact me.

Yours sincerely,

M.A.C.HYNES
Managing Director
Investor Relations

Appendix 1.

Q1 Do consultees agree with the above proposal?

- A Connections with media. PR Newswire agrees that this aspect is key to a successful achievement of the underlying objectives of the Transparency Obligations Directive. Unless there is clarity as to *which type* of media are to be reached, investors will be confused as to where to find price sensitive information, and issuers in doubt about when their disclosure obligations have been met. Consequently, we believe it would be helpful for CESR to name specific types of media that must be reached.

Q2 What distribution channels do consultees consider should be mandated? Please provide reasons for the answer.

- A. Distribution channels. The underlying principle should be to ensure that announcements can be reached by all investors, institutional and retail, across Europe, with or without access to the internet. We agree that it is impossible for CESR to mandate that media should always publish every announcement, however, by mandating that the media should receive these announcements, every chance is given to its wide distribution.

We believe that there are 3 key channels to achieve the above:

- o Financial news services, which (mostly) serve the institutional investors, and include news and trading solutions. Examples include Reuters, Bloomberg, Thomson, all of which have pan European and indeed global presence.
- o Press agencies and newspapers. Together they have great reach to retail investors, and should be a very important component of achieving transparency. I note that your Consultation Paper separates the two; in reality we believe that all major newspapers have electronic access to the national news agencies' wire services, thus by mandating the use of the European wire services, CESR would in effect be reaching all European newspapers.
- o Financial websites. These are also essential for investors who regularly use the internet for investment decisions.

If CESR were to mandate the three outlets as above, PR Newswire believes that a significantly greater transparency would be achieved.

We would also emphasize that in addition to the above, minimum standards, issuers should be free to use additional, secondary distribution such as web posting and email delivery to issuers' contacts.

Q3 Do consultees consider that CESR should mandate that the connections between issuers (either directly or through a service provider) and media be based on electronic systems, such as dedicated lines?

- A. Electronic connections. Yes, the type of connection used to submit price sensitive information to the media should be mandated, for simple practical reasons. It ensures that there is certainty, security and speed in delivering the announcement.

Q4 Do consultees consider that a specific method should be mandated? Which one? Please provide reasons for your answers.

A. Electronic connections. The medium used for communication must allow for cost effective simultaneous electronic dissemination of news. The Internet is thought to be the only available network capable of offering such cost effective availability.

The communications protocols and systems used by operators and issuers to send releases over the Internet must overcome the following key constraints:

- o There should be measures taken to ensure the originator of the message is identified as a bona fide source.
- o The information interchange should be transactional, in order to recognise and report on the failure to deliver to any media point.
- o The communications protocols and systems employed should be secure i.e. preventing the interception of or tampering with the release in transit.
- o The communications protocols and systems used must provide a mechanism to guarantee the simultaneous delivery of the news to all users within a few seconds tolerance. The system must therefore be able to compensate for variable latency and speeds.

CESR's text refers to 'dedicated lines'. In our view, a dedicated line is not the only way to achieve the key objectives, and in any case it is unreasonable to expect issuers who wish to fulfil their own distribution to have such lines. However, using an internet protocol IS reasonable. We are pleased that CESR has specifically NOT mentioned email as a delivery device, which we presume would thus be excluded.

Q5 Do consultees agree with the approach of redrafting the required field of information, as proposed above?

B. Fields of information. Yes. Recipient media need a 'key' on which to base the use of the information sent to them. Unless this is present in the data record, the news will not be picked up, and hence not reach the investors.

Q6 Do consultees consider that a specific method of issuer identification should, in addition, be mandated (such as the identification number in the companies registrar or the ISIN)? Which of these? Please provide reasons for the answer.

A. ISIN. We believe that ISIN provides a unique key for identifying issuers. It is a tried and tested identifier, and already widely used in the dissemination of news. Mandating it would further improve the chances of the media being able to publish the information sent to them.

Q7 Do consultees consider that CESR should establish a method, or some sort of a code, by which there would be a single and unique number of identifying each announcement that an issuer makes, that is valid on a European basis and that could be used also for storage?

A. CESR code. We do not believe this is an appropriate function for CESR, especially given the existence of existing codes.

Q8 What methods do consultees suggest CESR should establish? Please provide reasons for the answer.

A see above.

Q9 Do consultees agree with the above proposals? Please provide reasons for the answer.

A. Minimum standards for service providers. Broadly we agree with the approach. However, some questions remain. "Separate" is open to different interpretations. Should competent authorities and stock exchanges be obliged to create physical barriers with their other businesses, or separately branded businesses? Should they be allowed access to issuer information (provided for market operational reasons) for marketing purposes? Further, what are the processes for redress if a competitor sees non compliance? These are questions that, answered effectively, would maximize the "competitive market" for services foreseen in the level 1 Directive.

Q10 When the competent authority is acting as service provider, CESR considers that these competent authorities may not, as stated in the Directive, impede free competition by requiring issuers to make use of their services. Do consultees agree with this approach? Please provide reasons for the answer.

A. Yes, subject to the above comments.

Q11 When stock exchanges act as service providers, CESR considers that their admission to trading criteria on any of their markets cannot mandate the use of their service as a service provider. Do consultees agree with this approach? Please provide reasons for the answer.

A. Yes, subject to the above comments.

Q12 Do consultees agree that media should not be charged by service providers to receive regulated information to be disseminated by them? Please provide reasons for the answer.

A. Yes, we agree with the approach proposed by CESR. If a service provider were to seek to sell the price sensitive information, it would act as an inhibitor to the media receiving and publishing that information.

Q13 Do consultees consider that it is possible, on a commercial basis, to mandate that media receive regulated information for free from service providers? Please provide reasons for the answer.

A. Yes. In effect this could be self policing. If a service provider were to seek fees for news, the media could simply charge the service provider a fee for carrying the news, resulting in a 'stand off'.

Q14 Do consultees consider it useful and practicable to require a document from service providers showing how they meet the dissemination standards and requirements? Please provide reasons for the answer.

A. Approval of operators/ service providers. PR Newswire believes that such a document would help issuers ensure that they were using a service that was compliant. Asking issuers to do their own 'audit' of potential service providers is unrealistic for both parties, and this would help.

Q15 Do consultees consider that CESR should undertake, at level 3, future work on how to address the concerns raised on how approval of operators is to work, even if approval is not mandatory? Please provide reasons for your answer.

A. Any such future work should, in our view, depend on experience from the market. If issuers find it difficult to establish whether a service provider is compliant, more work may be needed.