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Mr. Fabrice Demarigny
The Committee of European
Securities Regulators (CESR)

**MARKET ABUSE ADDITIONAL LEVEL 2 IMPLEMENTING MEASURES, April 2003,
Ref: CESR/03-102b SELECTED QUESTIONS**

CESR has published on 15 April 2003 a consultation paper (Ref CESR/03/102 b) on its proposed advice to the European Commission on a second set of technical implementing measures for the Directive on Insider Dealing and Market Manipulation (Market Abuse).

The Confederation of Finnish Industries TT is an organisation which represents most of Finnish companies, which are listed in Stock Exchange in Helsinki and in other countries too. TT has consulted its member companies and wishes to draw CESR's attention to the next points (question 10-20).

V INSIDER'S LISTS

Question 10: Do you agree on the relevance of establishing a list for each matter or event when it becomes inside information?

We agree in principle with this approach. A case specific list is to be preferred for a more general insider status associated to a person following his/her becoming aware of market-sensitive case specific information. A case specific list would define their insider status but limit it to that particular case only.

Timing of the establishment of the lists may however be difficult. Situations vary from big well planned projects allowing lists to be drawn at a very early phase (and completed as the project proceeds) to situations where a more widely known event becomes market sensitive as it evolves.

Thereby general, only, guidelines to draw lists for matters and events involving inside information are to be preferred. It should be up to the issuer to define the most suitable methods for each case to handle any project or event specific lists of involved person with inside information or with information that might turn to be market sensitive.

In practice lists of this nature work well for other purposes too. They clearly define the group of people involved and they allow these to be instructed on the consequences of their position in a structured manner.

We agree that separate lists for each matter or event when it becomes inside information is the correct approach, also to provide a due process for persons included in the list. It is necessary for the legal protection of persons included in the list that he/she is expected to

know only about the insider matter he/she really knows about and not about all the insider matters the issuer has at any given time. As insider lists may also be used as a tool for persons in the list to know with whom they may communicate about the matter, separate lists are necessary also for this purpose.

QUESTION 11: SHOULD THE MINIMUM CONTENT OF THE LIST BE SPECIFIED IN LEVEL 2?

We do not consider it necessary to specify the content of the list but examples about issues to be covered by the list would be more recommendable.

Question 12: Should Level 2 give examples of those persons acting on behalf of or for the account of the issuer who should be required to draw up lists?

Identification of persons acting on behalf of or for the account of the issuer to draw up lists is issuer-specific and must be left to the sole discretion of the issuer. However, should CESR wish to include some examples, they may be helpful, provided that it is clearly stated that it is question of examples only, without any mandatory effect.

Question 13: To what extent is drawing up a list of “permanent” insiders” useful? Should Level 2 identify the jobs which typically provide access to inside information?

Drawing up a list of “permanent insiders” may be regarded useful to most issuers. However, identification of “permanent insiders” is issuer-specific, depending on the processes and practices (eg collection of financial data and reporting) established and conducted by each issuer. Therefore, Level 2 should not identify “jobs that typically provide access to inside information” but the identification of “permanent insiders” should be left to the sole discretion of the issuer. We consider the suggested identification of jobs to include risks for misunderstandings. Further, the identification of jobs may not be considered as due process to persons who hold the identified jobs but who do not have inside information, due to the practices of the issuer in question, but involves risks for such persons’ legal protection. **If any identification is given, it must be clearly stated that it is an illustrative identification only, given for example purposes, and that the final identification shall be made by the issuer.**

QUESTION 14: WOULD IT BE USEFUL TO FURTHER DEVELOP AT LEVEL 3 THE “ILLUSTRATIVE SYSTEM” OUTLINED?

We do not see any compelling reason. However, should such development be made, it might be useful to clearly separate disclosure of insider lists and administration of insider issues to public vs disclosure to authorities. The former should seldom, if ever, be necessary but the latter should be an obligation by the issuers upon an authority’s request.

Question 15: Would it be useful to describe the meaning of the expression “working for them” (article 6, paragraph 3) for example, to give clarification regarding people who are not employees of the issuer?

In general, we consider that the insider lists of each issuer should include only persons employed by the issuer. Should persons not employed by the issuers, e.g. persons

“working for them”, receive inside information of an issuer, the issuer should require the employer of such persons to maintain appropriate inside lists, with necessary control measures. The first mentioned issuer does not have any effective means to control or monitor information flow or effectively give orders to persons that are not employed by it.

Question 16: Do you agree with the approach adopted regarding the criteria which trigger the duty to update insiders' lists?

Yes.

V DISCLOSURE OF TRANSACTIONS

Question 17: Is the above description for “persons discharging managerial responsibilities within an issuer” sufficient for Level 2 legislation? Are there other persons that should be considered as belonging to the management of the issuer or should there be a specific restriction to persons who can assess the economic and financial situation of the company?

We do not consider it necessary or appropriate to describe “persons discharging managerial responsibilities within an issuer” in legislation. Identification of such persons is, again, issuer-specific, depending on the processes and practices (eg collection of financial data and reporting, decision-making structure) established and respected by each issuer. Therefore, Level 2 should not describe “persons discharging managerial responsibilities within an issuer” but their identification should be left to the sole discretion of the issuer. We consider the suggested description to include risks for misunderstandings and risks for the legal protection of persons being in the positions described but not having an access to inside information. **If any description is given, it must be clearly stated that it is an illustrative description only, given for example purposes, and that the final identification shall be made by the issuer.** See also answer to question 13 above.

Question 18: Is the above description sufficient for Level 2 legislation? Are there other persons that should be considered as belonging to this category?

We consider the description sufficient and otherwise appropriate, as an example list only, but persons sharing the same household who are not minor nor under guardianship of the person discharging managerial responsibilities should have no disclosure obligations. This is due to the fact that the person discharging managerial responsibilities may not really control activities by other adult persons in the same household but such persons' security trading is their private issue. Requirement to report such private issue may be imposed in relation to police investigation, only, not on the basis of a mere request by administrative authorities. We agree with the description concerning trusts, companies and other legal persons controlled by the person discharging managerial responsibilities.

Question 19: Is the above description sufficient for Level 2 legislation? Should there be a threshold concerning the disclosure obligation to the competent authority?

We consider the above description sufficient. However, we recommend that smaller trades, e.g. trades below an aggregate of EUR 25.000 per month, be exempt.

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Question 20: Is the above description sufficient for Level 2 legislation? Are there any other details that should be covered on this level, for example the number of the relevant securities that the person holds after the transaction?

The description for the content of notification is otherwise appropriate except to the address of the person subject to notification duty. Such information does not include any value added but concerns private issues not relevant to the market or to the competent authority.

The time period of 2 days is unreasonably short and not feasible in practice. It is question of people of great responsibilities and extremely tight time schedules and we may not expect them to be able to give this type of reports within 2 days. A time period of 14 days for markets and/or securities that do not allow automatic flow of trading information for reporting purposes (like the book-entry system in Finland) is more reasonable, and still provides sufficient market transparency and information to the investors and the supervisory authorities.

Finally, we would like to draw the attention to an important point included in item 78: For issuers that are listed on several markets, there must be one competent authority only. Such authority is most naturally the competent authority of the jurisdiction of the primary listing. It is not feasible from the issuer's point of view to have several competent authorities for the purpose of reporting transactions by persons with managerial responsibilities.

Yours sincerely,

CONFEDERATION OF FINNISH INDUSTRY AND EMPLOYERS

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