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Consulting Investors on the Transparency Directive: Storage of Information
Dated 24 February 2006, Ref. 06~92

Consultation of the Committeee of European Securities Regulators (CESR)

DSW is Germany's leading shareholders' association with more than 28.000 members, mainly private investors.

DSW strongly supports the idea that all EU investors shall be provided with greater access to information on all issuers across Europe from a single source in order to evaluate their investment opportunities and to make informed investment decisions. We think it is of high importance that there will be a consistent standard across Europe which, however, should not fall behind existing national standards.

Subsequent to the investor hearing on March 20, 2006 in Paris we see a need to comment on the following, additional points:

- From the investor's point of view a very integrated storage system is of high importance for investors as it would enhance the ability to get informed on companies from abroad without (or at least reduced) language problems via a reliable and supervised system. DSW supports the idea of a network model where the investor will be enabled to get access to information via a standardised web front end. In our daily business as a shareholder association we experienced that private investors are interested in receiving (naked) information on potential investments and that the "average" private investor sees two main problematic areas in forming his investment decision for cross-border investments: the language and the lack of common reference data. The examples in the CESR Consultation Paper (Ref. CESR /06-025, no. 212 et sqq.) clearly demonstrate the need of a storage system identifying and classifying information in a common manner.
- Implementing an integrated storage system with a Central Access Point or at least the network model solution (model B) would give high benefits especially for private investors who unlike institutional investors have less time and knowledge to search for the necessary information. Establishing one storage system would therefore facilitate the communication between issuers and (potential) private investors from abroad.
- The language of both content and search functions of the storage system should facilitate (potential) investors to receive certain information on companies.
- Of high importance is that the storage system allows for a reliable storage of data and also for a traceability of changes to the content for the investor. This can only be ensured if the storage system is managed by the regulatory authorities.

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In detail, we would like to comment on the questions included in the consultation paper as follows:

Q1: Important information for an investment decision are first and foremost the annual and interims reports of the issuer as well as ad-hoc-information, press releases and prospectuses of the issuer. Additionally, an overview of the issuer's strategy and key financial figures is important. Furthermore, all stock-related information (stock-price information, stock key figures, shareholder structure etc.), including historical data, are essential to make an informed investment decision. This also includes information on shareholdings and director's dealings of management or supervisory board members. Last but not least, analyst reports and peer group comparisons are considered as being important for making an informed investment decision.

Q2 and Q3: The companies in Germany's most important index, the DAX 30, disclose all important information on their website. But the majority of German listed companies only disclose parts of the information on their website. Therefore, investors who want to get informed on German companies have to consider various other sources of information: via the stock exchanges' websites, the regulator's (BAFin) website, newspapers or online-magazines. The main source for information in Germany nowadays are the internet and newspapers/magazines.

Q4: Investors should have easy access to a very integrated storage system that searches each OAM and which ensures reliability of the information and traceability of changes to the information. Existing hurdles in receiving cross-border information, like the language problem, should be reduced as far as possible. DSW furthermore sees the demand for an "alert-function" where investors are alerted via email in case there are new information available on the companies they are invested in.

Q5: No.

Q6: Ideally we believe that there should be model A rather than one mechanism in each Member State. This should be the most efficient model and be able to take advantage of economies of scale. Further, we believe that a system operated by competent authorities - along the lines of EDGAR in the United States - is the most preferable model. Model A is the most user-friendly version as it facilitates (potential) investors the search for information via a central access point. The user only has to memorise one website link and then has access to all information. Especially with regard to the cross border aspect this model is preferred by DSW as it reduces hurdles for investors to make an informed decision about companies from abroad. Model B is also very user-friendly if a proper interoperability process between the OAMs will be ensured. To ensure interoperability of the OAMs we support the CESR proposals on the content of an interoperability agreement (no. 207 et sqq.). With regard to the issuers name (no. 225) we would like to suggest to use not only the legal name but also common abbreviations (e.g. Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, commonly abbreviated Munich Re).

Q7: Having access to ‘naked information’ only would strongly reduce the use of the storage system for investors and with that its importance. We think that investors should have access to both ‘naked’ and ‘value-added’ information. We are also of the opinion that naked and value-added information should be strictly separated within the storage system. ‘Value-added information’ might be published in a restricted area where only registered members may have access to whereas ‘naked information’ might be directly accessible. In case of value-added information it should be ensured that it is comprehensible for the investor who filed those information.

Q8: No, we would not be prepared to pay for the ‘value-added information’ and we are strictly against a paying system for ‘naked information’, since it is already for free now.

Q9: No.

Q10: Yes, we would prefer to receive the information not only in the domestic language but also in English but we take into consideration that especially small listed companies might not be able to cope with the costs. Balancing the benefit for the foreign investors and the companies (e.g. attracting foreign investors via the storage system) against the costs we would be in favour of a translation of the stored information into English which only then would contribute to reduce cross border investing hurdles. Additionally we believe that companies which are part of an important national or international index should be obliged to give all possible investor information in English.

Q11: From our point of view the language of the search function is linked to the language of the content.

Q12: Yes.

Q13: All users – even those with minor technical knowledge - should be enabled to view, download and print the stored information easily without being forced to install special and sophisticated analysis tools. The information stored should be easily accessible, e.g. search via different search criteria.

Q14: n.a.