



## **LSEG Response to CESR's Consultation on the development of pan-European access to financial information disclosed by listed companies**

**Matthew Leighton**

Regulatory Strategy

London Stock Exchange Group

0044 (0) 20 7797 1596

mleighton@londonstockexchange.com

**24 September 2010**

Submitted online at [www.cesr.eu](http://www.cesr.eu)

### **Executive Summary**

- The LSEG supports the EU-wide availability and accessibility of regulated information and recognises this as a key element of an integrated European capital market.
- We cautiously support CESR's proposed Option 1 to develop a more integrated OAM network.
- However, we believe it is crucial to establish the costs and benefits of any such development and to make a clear distinction between the basic information that would be available in all OAMs and additional value added services that national OAMs (and other providers) may want to develop.
- We do not believe that it is feasible, or desirable, to develop a single model of listed company information that would satisfy the requirements of all investors and end users. This would discourage the development of market-led solutions to the provision of regulatory news content and would undermine efforts of OAMs to offer added value services.
- We agree with CESR that a move to develop a single European OAM would undermine investments made by OAMs and by other Primary and Secondary Information Providers.

The London Stock Exchange Group (LSEG) welcomes the opportunity to respond to CESR's consultation on the development of pan-European access to financial information disclosed by listed companies. This submission represents the views and experience of both the London Stock Exchange plc and Borsa Italiana. In this Response, we have grouped the questions together and provide a collective answer.

The LSEG supports the EU-wide availability and accessibility of regulated information and recognises this as a key element of an integrated European capital market. The current system of officially appointed mechanisms (OAMs) offers investors (including private investors) access to this regulated information regardless of their nationality and location.

In the UK, the OAM is operated by Hemscott, a private company. However, there are a number of other companies that are classified as Secondary Information Providers (SIPs) and which include the London Stock Exchange, that also make this information publicly available. In Italy, Borsa Italiana also provides easy and fast access to listed company corporate information on its website. In this context, Borsa Italiana's website has been recognised by Consob as the interim storage mechanism in Italy pending the formal applications for, and the appointment of, the official mechanism.

Of the proposals outlined in the Consultation Paper we would cautiously support Option 1. We recognise the need to expand the coverage of securities and to work towards the harmonisation of search facilities and data classification at OAM level.

In particular, we agree with CESR that any such initiative should be undertaken gradually, using the proposed step approach. We recognise that the development of common standards and harmonised search facilities are likely to place cost burdens on existing OAMs. The different provisions of national law as well as differences in the language of the data stored in the databases will mean that a segmentation of the information will continue to be required. Consequently, CESR must carefully assess the costs and benefits of any such development.

We also agree with CESR that the development of common technical standards should be implemented through a minimum harmonisation approach. In this context, we believe that it is of crucial importance that a clear distinction is made between the basic information that would be available in all OAMs and additional value added services that national OAMs (and other providers) intend to develop. We argue this for two key reasons:

1. Investors (and other users of information from listed companies) do not have uniform requirements. It would therefore be very difficult, and costly, to develop a single model of added value data within the OAM framework. Where the market demands a wide variety of data and requires that it is delivered in highly customisable formats, the

development of products to meet this demand is best met by a competitive commercial sector. We do not believe that it is the place for regulators to impose how the demand for such services is satisfied. The focus should be on ensuring that the regulated information (as defined by the Transparency Directive) is efficiently delivered by national OAMs.

2. The development of added value data within an OAM framework would also undermine the ability of information service providers (including the OAMs themselves) to further develop regulatory news services and would discourage the development of market-led solutions to the provision of regulatory news content. The delivery of information to investors by the national OAMs requires that these mechanisms remain economically viable. This means that, where necessary, the OAMs are able to develop their own value added services and that they are not subject to additional heavy cost burdens in meeting their OAM responsibilities for which there is little, or no, discernable benefit.

For these reasons, we would also agree with CESR that Option 2 (a single European OAM) is not the preferred way forward. We see the OAM network as complementary to the other existing sources of regulatory news information. The development of a single European OAM would not only duplicate the investment already undertaken by national OAMs, but would also undermine the significant investment undertaken by Primary Information Providers (PIPs) in the UK, for example, as they have developed increasingly sophisticated and efficient services aimed at satisfying the needs of issuers.